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USAID/Mozambique

Results Review and Resource Request for FY 2001

March 1999

The attached results information is from the FY 2001 Results Review and Resource Request (R4) for Mozambique, and was assembled and analyzed by USAID/Mozambique.

The R4 is a "pre-decisional" USAID document and does not reflect results stemming from formal USAID reviews. Additional information on the attached can be obtained from Kirk Dahlgren, Program Management Team, USAID/Mozambique.

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USAID Mozambique
Results Review and Resource Request for FY 2001

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Memorandum

TO: Vivian Lowery Derryck, Assistant Administrator for Africa

FROM: Cynthia F. Rozell, Mission Director, USAID/Mozambique

SUBJECT: FY 2001 Results Review and Resource Request

All USAID/Mozambique programs **met or exceeded their targets in 1998**. In addition, the Mission completed several actions to realign its approved programs to better support the cross-cutting goal of *local capacity development*. In September, USAID and the Government of the Republic of Mozambique (GRM) entered into *Strategic Objective Agreements* (SOAGs) for the new Special Objective (SPO), SO1 and SO3. The SOAGs, translated into Portugese for the first time to facilitate GRM review, emphasize local public and private sector participation in design and implementation. The programs include financing for capacity development through GRM-led sectoral programs and formal training. To ensure that PVO partners contribute most effectively to this process, USAID also established a new *sustainability monitoring system*. Sustainability plans provide benchmarks that demonstrate performance in localizing development efforts, the training of counterparts and increased Mozambican leadership in USAID-financed PVO programs.

Mozambique's well-rooted democratic transition, sustained economic performance and standard of government leadership have exceeded all expectations. From a practical standpoint, this has required USAID, as well as other donors, to reallocate resources more directly to finance GRM-led sectoral programs (see Annex 5). The quick pace of local leadership and socioeconomic progress, albeit from a low starting point, bodes well for prospects that **USAID will continue to meet or exceed targets in its strategic framework**. However, it has also required USAID to increase its pace of implementation and augment existing performance monitoring plans with indicators dedicated to public, private and non-governmental capacity development.

In 1998, USAID/Mozambique initiated a new system of portfolio reviews structured around in-depth financial analysis. This has enabled Mission management to take steps to draw down old project pipelines, deobligate funds, end old projects early, and devote new obligation authority to SOAG programs which more closely adhere to refocused strategic objectives. The Mission would like to draw Bureau attention to *continuing problems with advice-of-charge billing*, which can take months or even years to reach the Mission after goods and services have been delivered, thus delaying pipeline drawdown and project closeout. Also in the spirit of reengineering, the Mission expects AFR assistance to ensure that deobligated funds are returned to the Mission for allocation to high-performing activities.

Although the Mozambique program has benefited from increases in selected program budget accounts, the Mission's ability to achieve SO1 (rural incomes) is currently *jeopardized by a continued shortfall in Economic Growth funds and expected decline in Title II resources* (see Resource Request). Most at risk is USAID's participation in the roads sector program and completion of the critical north-south road link from Caia to Gorongosa. The Mission requests AFR guidance on the options laid out in Maputo 1065. In addition, as presented last year, the Mission will be requesting *approval of its ATRIP proposal*, submitted again in March 1999, to finance the significant trade and investment program upon which the Mission's Special Objective is based. USAID's participation in the roads project and its support for trade and investment featured prominently in President Chissano's discussions with Administrator Atwood and Secretary Slater in November last year.

In response to the evolving democratic environment and in line with last year's program review cable, during FY 98 the Mission added an IR2.2.5, *Political Parties are Effective and Accountable*. To achieve this result, two new programs supporting the institutional strengthening and electoral programs of Mozambique's political parties are underway or contemplated for 1999 financing. Both have benefited from ESF allocations, $1 million of which was announced by the NSC after President Chissano's visit with President Clinton.

The Mission has worked closely with USAID/W staff in the design of its *new environmental SO*, which is being presented for approval (Annex 6) for FY 99 obligation per last year's R4 review guidance. As proposed, SO4 will enable the private sector to play a greater leadership role in ensuring that new investments are environmentally sound. SO4 will also dovetail with USAID's efforts under its Special Objective for increasing private sector-led investment, and will share civil society development synergies with SO2.

Given the programmatic modifications described above, the addition of new implementation mechanisms and the DA resource constraints faced principally in the roads program, the Mission **requests AFR approval for an extension of its approved strategy period**, which is currently due to end in FY 2001. The Mission's program was refocused in 1998 to reflect increased USAID commitment for local capacity development including through GRM-led sectoral programs (see Annex 5). Targets for these new results have been developed and substantial progress will occur well into the next decade, as these results are long-term in nature. An extension could also allow the fewer resources available annually for commitment to ongoing activities to be spread over an extra year; e.g. for the road commitment. Equally important, however, is that the Mission projects that 9 of 13 USDH staff, including the Director and most office and team leaders, will depart post in FY 01, creating a situation in which an almost entirely new staff would inherit a strategy not of their own making. *The Mission recommends that the current approved strategy period be extended through FY 2003*. This would give the Mission two additional years of performance against indicator baselines, most of which were established in 1997. As well, the extension would allow time to record achievement under the new environmental objective, SO4, and the new Special Objective.

The Mission has taken exceptional steps to work within Agency OE stringencies (see Resource Request) within the small part of its budget that is discretional. Despite a wholesale transfer of USDH staff to lower-cost housing, restricted NXP procurement and reduced travel and training, it has become increasingly difficult to administratively support the Mozambique program. The changing demographics of USAID's USDH workforce, rising costs of doing business in Maputo, and security concerns mean the Mission cannot live within its historically mandated levels. **The Mission urgently requests AFR relief in the form of increased OE resources**. This would include *approximately $1.225 million early in FY 2000* for modular equipment and supplies, as well a separate security allocation, to allow the Mission to move its offices to a single, more secure, building to be constructed by and leased from local interests.

Finally, pursuant to revised workforce guidelines and the size and scope of the program, the Mission is *requesting an increase in FTEs* from 13 to 15. With a program active in five strategic areas, managing annual financial allocations of $65-75 million, and providing regional services to two closeout missions, this increase is fully justified. Current plans call for a USDH Natural Resources Officer to manage the new SO4 and coordinate other Mission environmental responsibilities, and a USDH Health Officer to enable SO3 to work more intensively with the Ministry of Health and donors on the Mission's expanded health program.

USAID/Mozambique
Results Review and Resource Request for FY 2001

I. Overview and Factors Affecting Program Performance

The USAID program reflects growing U.S. national interests in Mozambique and southern Africa. USAID programs are a central part of U.S. Government efforts to maintain peace, build democracy and foster economic security, in order to reduce the risk of humanitarian crises, ensure sustainable economic growth, and ensure that the country can be an effective regional partner. USAID strategic objectives support the following U.S. Mission goals:

Broad-based economic growth: SO1 reduces poverty by increasin household income through increased sustainable food production, improved smallholder land tenure, rural road access, and more effective rural financial systems; the SpO improves the free-market policy environment by increasing private-public sector dialogue and promoting tax reform and transportation sector privatization; the proposed SO4 will increase local private sector capacity to ensure that investments are environmentally sound; all of USAID's program contributes to this goal through human capacity development.

Expanded U.S. investment: The SpO promotes business opportunities, including by U.S. firms, through programs to reduce trade barriers and investment impediments, and through telecommunications reform under the Leland Initiative.

Democratic institutionalization: SO2 strengthens citizen participation in governance; enhances public advocacy by civil society organizations; promotes free and fair general elections; and strengthens important institutions such as the parliament, courts, political parties and local governments.

Humanitarian assistance: SO1 enhances food security and a more stable rural economy; SO2 promotes broad electoral participation; SO3 supports war victims through prosthetics programs.

Stabilized population growth: SO3 increases contraceptive prevalence, reduces policy, attitudinal and medical barriers to family planning, and strengthens local health capacity, including to increase both access to and supply of family planning services and supplies.

Improved health: SO3 lowers maternal and child mortality through improved immunization, care and practices; reduces spread of childhood disease including malaria; increases government and community capacity through training; and reduces the spread of HIV/AIDS through condom use.

Country Performance In 1998, *Mozambique again exceeded expectations of the international community, by continuing the economic progress that began after the democratic transition* (see Annex 3). Fueled by exports which grew in real terms by 15.4% and investment which grew 27.3%, real GDP grew by over 8%, sustaining an 8.2% average rate of growth over a five-year period. The fastest growing sectors were industry (7.4%), transportation and communications (12.3%), and construction (9.9%). Inflation, which was over 50% in 1995, and had fallen to 5.8% in 1997, declined further to about 5%. The GRM built upon its solid reputation for conservative fiscal management with a reduction in donor grants and balance of payments support as a percentage of GDP, for an overall reduction in external financing dependence.

Despite these achievements, Mozambique remains among the poorest, least healthy and most undereducated countries in the world, even compared to its regional neighbors. Continued democratic reform and improved governance are considered essential elements to sustain socioeconomic progress. Both civil society and formal democratic institutions strengthened in their respective roles in 1998, and 33 municipal assemblies were elected in the country's first local elections in June. Disappointingly, the elections were characterized by a low turnout at the polls, for a variety of reasons including a Renamo party boycott. This has proved a "wake-up call" to the GRM, given the importance of the 1999 general elections. Through increased bipartisanship in the national legislature, and solid support of donors, the GRM has fostered a clearer consensus for well-managed, free and open national elections. USAID is playing a central role through its PARTIDO activity for political party strengthening, initiated in 1998, and its proposed ESF program for electoral campaign supportin 1999.

Program Performance In last year's mid-strategy review, the Mission *proposed an environmental SO and a Special Objective for increased trade and investment*. The SpO was approved, and a strategic objective agreement (SOAG) with the GRM was signed in September. Activity design is well underway and, pending availability of FY 99 funding, implementation will lead to a number of concrete accomplishments prior to next year's R4, including critical activities announced by Administrator Atwood during President Chissano's November visit to Washington. The Mission is converting about $3 million in prior year commodity import program (CIP) funding to budget support, recognizing that the GRM has met all policy conditions under the CIP. This will allow the SpO team to concentrate on the SOAG program.

The 1998 performance period was noteworthy for USAID's *comprehensive reengineering of its program mechanisms, its office structure, and its internal operating systems*. The three SOAGs USAID and the GRM entered into in September redefined programmatic approaches and local partnerships to meet strategic targets. To reinforce these programmatic adjustments, the Mission in 1998 reorganized its personnel around teams, creating a flatter hierarchy and better aligning programs with administrative units. To empower these teams, USAID/Mozambique also revised key mission orders regarding authorities, results packages, and other implementation procedures, and created an Intranet to electronically post the mission orders, daily Mozambican news, technical documentation, and other information for easy access by Mission staff.

The R4 for FY 2000 noted positive program performance, and established remaining indicator baselines for the Mozambique sustainable development program. With baselines in place and targets established, the FY 1998 reporting period produced a valuable set of performance data demonstrating solid progress towards the Mission's strategic targets:

> ***SO1 exceeded targets***, as indicated by successive years of 6% income growth -- despite marginal agricultural growing conditions in the 97/98 season -- due to sharp increases in

earnings from household enterprise activity and off-farm labor, as well as improved road access to markets; incomes in USAID activity areas were 28% higher than in similar areas, indicating that USAID's strategy for alleviating poverty is paying off; however, resource levels will determine whether SO1, as a whole, can be achieved.

SO2 is on track, with civil society actors and organizations playing a greater role in shaping national legislation and playing a watchdog role over government propriety; the national assembly introduced more legislation of its own, and provided more input into executive branch bills; USAID support was key to this progress, and prospects are high for achievement of the SO.

SO3 is on track, with USAID activities leading to sharp increases in first-time maternal and child clinic visits as well as in communities receiving outreach services; condom distribution levels, while missing targets, remained steady; USAID also carried out foundation studies that will allow the GRM to prepare a health sector financing strategy, an important element in the program-based, multi-donor program.

SpO is on track, early in the program; USAID assistance has already enabled the umbrella business organization, CTA, to contribute to regional trade negotiations and to work with the GRM to reduce red tape; Leland Initiative activities allowed private service providers to expand Internet coverage beyond targets; assuming adequate ATRIP funding, the SpO expects to play a central role in stimulating trade and investment.

II. Results Review

A. Strategic Objective 1: Increased rural household income in focus area

Summary This objective increases the income of nine million rural inhabitants of central Mozambique. It addresses U.S. interests by promoting stability through poverty alleviation and increased food security, while integrating Mozambique more fully into the global economy. It mitigates against environmental degradation, and builds women s participation in the economy.

A strategic objective agreement signed with the GRM in September 1998 has incorporated local capacity development more explicitly into SO1, through both budget support for the GRM-led multi-donor sectoral program, ProAgri, and direct funding for training. This approach, which will gradually replace the ongoing project portfolio, also increases support for commercialized agriculture and the development of rural financial services. The contributions of Title II-generated local currency in support of food security and sustainable agriculture have been crucial to this program.

Key Results The program's principal results are: *increased access to markets, expansion of rural enterprises*, and *increased sustainable agricultural output*.

Performance and Prospects ***Performance during FY 98 exceeded expectations***. This assessment is based on performance data and reports from implementing partners.

The past agricultural season is the first for which the Mission has income data to compare with the 1996 baseline. Survey results confirm that the rural economy is growing and changing at a brisk and healthy rate, with households expanding their activities into, and depending upon, the cash economy for increased livelihood and food security. The data demonstrate that markets are functioning better: more households are selling a greater portion of their agricultural production, and receiving higher prices. More households are benefiting from diversified sources of income, notably off-farm wage labor and rural enterprises. These results indicate that USAID s strategy for alleviating rural poverty and expanding food security is paying off, and validate the increased focus on more commercialized agriculture to sustain increases in rural economic growth.

While the vast majority of rural households in the Mission s focus area remain extremely poor, average annual per capita income rose from $49.28 to $55.14 in the past two years -- an increase of 6% per year and on-track with the targets the Mission set (indicator 1#1). Female-headed households' incomes rose at the same rate as households overall, increasing from $41.77 to $46.63 per capita. Furthermore, in rural areas where USAID has direct field-based activities (rural roads, producer associations, agricultural extension and research), per capita income is significantly higher, $68 per capita. While incomes rose significantly, there also were important changes in income sources as market development offered alternatives to subsistence production. Gains in income came from the sale of agricultural commodities, rural enterprise activities, and wage labor, which together represented 40% of household income in 1998, compared with 27% in 1996 (1#2). The income share from agricultural production saved for own consumption saw a parallel drop, from 73% to 60%. Evidence suggests that because of their greater integration into the economy, households were able to purchase food on the market from income earned from the sale of cash crops, rural enterprise activities, and wage labor. These shifts helped to compensate for an overall weather-related reduction in agricultural production in the area in 1998.

In 1998, the mean value of agricultural sales by households of 12 key commodities increased 55%, from $22.2 to $34.32 (1.1#2). This was well over the target figure of $26 per household, and a result of increased volumes sold at higher prices. A number of factors contributed to the increase in trade. Between 1996 and 1998 the government stopped announcing minimum or reference prices, gradually eliminated the involvement of the cereals market board in direct purchases, and allowed free export trade between Mozambique and neighboring countries, notably Malawi. As a result, in 1998, mean volume of maize sold by households increased 44% to 65.2 kgs (from 45.4 kgs in 1996), while maize prices grew 65%.

Also as part of market liberalization, the GRM has reduced the export tax on raw cashew from 26% to 14% since 1995. About 40% of focus-area households produce cashew, and these are beginning to benefit from the policy changes. In 1998, the farmgate price of cashew as a share of world market price (FOB East Africa) rose from 38% to over 50%, and the value of cashew exports from the focus area reached $34.8 million, considerably above the target of $33 million. In addition to policy support, USAID contributed to improved marketing through the rehabilitation of 500 kilometers of feeder roads in the focus area and the expanded provision of market information to farmers and traders through radio and postings.

In 1996, off-farm activities did not contribute a large share of income to families in the focus area, but by 1998 their importance had increased enough to compensate for a weather-related decline in agricultural production. The share of households operating at least one enterprise increased from 35% in 1996 to 42% in 1998. (Strikingly, in areas where USAID has field-based activities this figure was 62%, compared to 27% in non-presence areas.) The average annual gains for households involved in rural enterprises increased from $48.55 in gross sales in 1996 to $72.84 in net earnings in 1998, well above the target of $55 (1.2#2). Gross sales for households belonging to producer associations or rural group enterprises increased from $54.70 in 1996 to $82.61 in 1998, also well above the target of $75. USAID has stepped up efforts to foster such rural groups; they now number over 1,000 with a membership of close to 24,000 households.

The average per-household volume of agricultural production for 12 principal crops was 28% below the baseline, decreasing from 0.933 metric tons (MT) in 1996 to 0.676 MT in 1998. This decrease was local and due primarily to climatic conditions (and therefore invisible in other less rigorous estimates of agricultural production). The decline in production may also be partly due to households reaching their limits on land expansion due to labor constraints and to declining soil fertility on land that has now been cropped for several post-war seasons. It is likely that without the use of better technology and agricultural inputs by more households, agricultural productivity may stagnate. Indeed, average maize yields have remained unchanged over the past three years, at approximately 1 MT per hectare. Yet data from areas where one PVO partner is implementing field-based activities show maize yields averaged 1.47 MT per hectare in 1997 and 1.73 in 1998, and per-household production in 1998 of the same 12 crops was 0.968 MT; these results show that there is room for improvements. Without such increases in production and productivity, farmers will have less to consume or sell. Increasing the diffusion of improved technologies is one strategy the Mission is pursuing through ProAgri and PVO programs.

Income from agriculture, despite lower production, remained stable due to higher prices for cotton, maize and cashew. Thanks to increased cash crop sales, off-farm enterprises and wage labor, households were able to maintain consumption levels through increased food purchases in the market – an option not even possible just a few years ago. In October, roughly six months after harvest, 42% of households reported purchasing a food staple. The increases in income from wage labor were roughly the same in program and non-program areas, indicating that the real impact of field-based activities was in agricultural sales and rural enterprises.

Prospects are excellent for continued achievement of key performance targets. It is expected that this SO, adjusted in line with last year's R4, will contribute to continued income growth rates of 6% per year. The Mission expects a continuing trend of greater shares of household income from agricultural sales and rural enterprises; although these shares may fluctuate according to agricultural production, which will continue to account for well over half of rural household income. The detailed survey data available for 1998 will next be updated in 2000; for 1999 the Mission expects to report income proxy data from PVO-assisted areas (1#3), as well as price margins (1.1.1#2), RGE profits (1.2#3), and agricultural production (1.3#1, 1.3#2). Also in 1999, the Mission will establish baselines for new indicators reflecting Ministry of Agriculture capacity building and policy analysis.

Possible Adjustments to Plans   The continuation of this level of impact is predicated on the ability of SO1 to maintain the level of financing upon which the CSP was based. Both economic growth (EG) and Title II-generated local currency resources to date have fallen significantly short of the mark. Should key results (roads, agricultural sector investment, rural financial services, food security) be underfunded or require more resources than budgeted, program impact will be reduced. Of greatest concern is the eventual cost of the roads, and options to address this particularly critical problem have been forwarded to the Bureau (Maputo 1065).

Assuming adequate funding to continue this SO as designed, the Mission over the coming year will be completing analysis of two components that could alter program plans. The first relates to the financial sector; a results package is expected to be reviewed by the Mission and partners in March 1999, for approval shortly thereafter. Also in 1999, USAID/Mozambique will design a food security results package, which will include technical assistance to improve the use and availability of agricultural inputs. Until analysis in both areas is complete, the resource needs (including for Title II) and timeline for results will not be fully defined.

Other Donor Programs   Other donors involved in areas addressed by this program include the World Bank, Sweden, Denmark, Germany, UK, EU, and UNDP.

Major Contractors and Grantees   Ministry of Agriculture Policy Analysis Unit; University of Eduardo Mondlane; U.S. PVO grantees World Vision, CARE, Africare, Food for the Hungry, National Cooperative Business Association, Save the Children, the Adventist Development and Relief Agency, and Technoserve; U.S. university partners Michigan State University and the University of Wisconsin.

OBJECTIVE: SO1 Increased rural household income in focus area **APPROVED:** 01/OCT/1995 **COUNTRY/ORGANIZATION:** USAID/Mozambique			
RESULT NAME: SO1 Increased rural household income in focus area			
INDICATOR: 1#1 Net per capita average real income per year			
UNIT OF MEASURE: U.S. dollars	**YEAR**	**PLANNED**	**ACTUAL**
SOURCE: Ministry of Agriculture/MSU National Agriculture Survey and MSU Micro- and Small Enterprise Survey, 1996-1998-2000.	1996B		(a) 49.28 (b) 41.77
INDICATOR DESCRIPTION: Income includes 4 components: agricultural production retained for household consumption; agricultural production sold; household enterprise profits; and wages from labor. Figures are net of agricultural production input purchases. Per capita income is reported rather than household income because household size was found to vary substantially across provinces within the focus area. Figures are averages across the 4-province focus area, disaggregated to show (a) all households and (b) female-headed households.	1998	(a) 55 (b) 47	(a) 55.14 (b) 46.63
	2000	(a) 62 (b) 53	
COMMENTS: Household data available in 1998 have allowed additional analysis to understand where income increases are occurring. In areas served by USAID-financed NGO activities, net per capita real income averaged $67.93 (this was an average across households directly participating and others not directly involved but residing in the same area). In areas not served by NGO activities, the figure was $53.12.	2001		

OBJECTIVE: SO1 Increased rural household income in focus area **APPROVED:** 01/OCT/1995 **COUNTRY/ORGANIZATION:** USAID/Mozambique			
RESULT NAME: SO1 Increased rural household income in focus area			
INDICATOR: 1#2 Income shares from agricultural production for household consumption and for sale, from microenterprises, and from wage labor			
UNIT OF MEASURE: Percent	**YEAR**	**PLANNED**	**ACTUAL**
SOURCE: Ministry of Agriculture/MSU National Agriculture Survey and MSU Micro- and Small Enterprise Survey, 1996-1998-2000	1996B		(a) 73 (b) 17 (c) 7 (d) 3
INDICATOR DESCRIPTION: Shares of income from (a) agricultural production for consumption, (b) agricultural production for sale, (c) rural enterprise activities, and (d) wage labor. (A negligible share of household income in the focus area comes from remittances).	1998	(a) 71 (b) 19 (c) 7 (d) 3	(a) 60 (b) 25 (c) 8 (d) 7
COMMENTS: Data show a remarkable overall shift in the past 2 years toward market participation (through sales of produce and wage income), and a reduced reliance on subsistence agriculture.	2000	(a) 66 (b) 23 (c) 8 (d) 3	
Households in areas served directly by USAID-funded NGOs showed a significantly higher share of income from agricultural sales than those in non-NGO areas (43% vs. 22%). The share of income from rural enterprises also is higher in NGO-served areas (11% vs. 7%). On the other hand, the share of income represented by agricultural production retained for consumption is higher in non-NGO-served areas (63% vs. 37%). These disaggregations show the impact of USAID activities on households market participation and income options. (Wage labor shares were similar across NGO and non-NGO areas.)	2001		

OBJECTIVE: SO1 Increased rural household income in focus area **APPROVED:** 01/OCT/1995 **COUNTRY/ORGANIZATION:** USAID/Mozambique			
RESULT NAME: IR1.1 Increased access to markets			
INDICATOR: 1.1#2 Mean value of selected commodities marketed by households			
UNIT OF MEASURE: U.S. dollars	**YEAR**	**PLANNED**	**ACTUAL**
SOURCE: National Agriculture Survey, Ministry of Agriculture/MSU, 1996 - 1998 2000	1996B		22.22
INDICATOR DESCRIPTION: Sum of the mean value sold by households, 12 commodities: maize; cowpea; common beans; groundnut; cassava; rice; sorghum; cotton; cashew; sunflower; sesame; and goats.	1998	26	34.32
COMMENTS: Maize showed the most significant increase: its average marketed value more than doubled as a result of a 44% increase in volume marketed and an average price increase of over 50%. Cotton (45%) and cashew (27%) also contributed sizable increases even when averaged across all households. Sales of goats increased both in volume and value. Overall, the number of different agricultural commodities sold by households increased from 6.3 in 1996 to 8.3 in 1998. This diversification expands options and thereby reduces households vulnerability to food and income insecurity. While the data indicate that the FY 00 target has already been achieved, there is insufficient trend data for revising targets at this time. Despite improvements, markets for focus-area producers are still unpredictable, and household production is still highly vulnerable to weather.	2000	31	
	2001	34	

OBJECTIVE: SO1 Increased rural household income in focus area
APPROVED: 01/OCT/1995 **COUNTRY/ORGANIZATION:** USAID/Mozambique

RESULT NAME: IR1.2 Rural enterprises expanded

INDICATOR: 1.2#2 Average annual value per household rural enterprise (gross sales)

UNIT OF MEASURE: U.S. dollars

SOURCE: MSU Micro- and Small Enterprise Survey, in conjunction with Ministry of Agriculture/MSU National Agricultural Survey, 1996-1998-2000.

INDICATOR DESCRIPTION: Average value per household rural enterprise in focus area

COMMENTS: Rural enterprises (MSEs) are defined as activities or businesses managed by household members that employ 20 or fewer people and involve post-harvest, non-livestock income generating activities. Any particular household may operate none, one, or more than one MSE.

The 1998 figure is *net earnings* per HH, not gross sales; it thus reflects a very substantial growth in the level of transactions of the rural enterprises.

Enterprises managed by Producer Associations or Rural Group Enterprises (RGEs) are not counted in this table. However, data indicate that the annual value of RGE transactions per participating household increased from $54.70 in 1996 to $73.18 in 1997 and $82.61 in 1998. Membership in RGEs increased in the focus area from 2,740 households in 1996 to approximately 24,000 in 1998.

YEAR	PLANNED	ACTUAL
1996B		48.55
1998	55	72.84
2000	60	

B. Strategic Objective 2: Government and civil society are effective partners in democratic governance at local and national levels

Summary This objective enhances democratic governance focusing on greater involvement and improved effectiveness of both government and civil society. It addresses U.S. national interests of maintaining peace and building democracy through both political reform and increased participation. Sustainable democracy in Mozambique is important because of its links to economic development and to citizen participation in and commitment to peace and stability, in the country, in southern Africa, and beyond.

The objective's ultimate customers are Mozambique's 16.9 million people, and most activities are national in scope. Some local activities began in FY 98 in five locations within the Mission's center-north focus area. To achieve SO2, the Mission has built partnerships with an array of civil society groups (including community-based organizations), Mozambican universities, local governments, political parties, the parliament, and the judicial sector.

Key Results SO2's principal results are: *increased citizen participation in governance at national and local levels*; and *key democratic institutions are more effective and accountable*.

Performance and Prospects ***Performance during FY 98 is on track***, with substantial progress being made towards achievement of this strategic objective. This assessment is based on performance data for over 25 established indicators, overall trends, and anecdotal evidence.

Increased citizen participation is illustrated by the number of times non-governmental political actors (including civil society groups and individual citizens) testify before legislative committees (2.1#3). From a baseline of zero in 1995, the first year of Mozambique's democratically elected legislature, this grew to 26 in FY 98, greatly exceeding the target of 18. The reasons underlying the increase are as significant as the number itself, as both the Assembly reaches out and civil society pushes its interests. On just one of these 26 occasions, during consideration of a bill drafted by the parliament itself, representatives of 115 non-governmental organizations (NGOs) took part in meetings in Maputo and five other sites; over 250 individuals participated in the Maputo event alone. Never has the legislative process in Mozambique involved so much public participation. Both parliamentarians and civil society considered this series of public sessions so fruitful that the Assembly decided to institutionalize the process, and has stated it will conduct similar public hearings whenever it drafts major legislation.

Progress toward more effective and accountable democratic institutions is shown by the strengthened capacity of civil society organizations (CSOs). On eight occasions in FY 98, CSOs precipitated the introduction of legislation or other parliamentary actions or influenced the substantive amendment of such acts in the National Assembly (2.2.1#1), compared with an FY 95 baseline of zero and exceeding the FY 98 target of five. A wide range of CSOs influenced *inter alia* a new labor law, the export tax policy on cashew nuts, and a parliamentary censure of the Attorney General. This indicates that oral testimony by political actors before the National Assembly can and does produce concrete results. In addition, the media continued to frequently influence legislative acts through articles and editorials.

Corruption is recognized by government and civil society as a problem, although it has not reached the debilitating levels found in many African countries. CSOs demonstrated strengthened capacity through the investigations they initiated into alleged government misconduct (2.2#3). The number of such investigations has more than doubled since the FY 96 baseline, to 19 versus a target of 15. It is significant that the range of investigations broadened in FY 98 to include not only human rights abuses but also abuses of official power and misappropriation of funds. (Human rights performance, quite good by African standards, continued to improve during FY 98 as documented by the State Department's Human Rights Report.) Freedom of the press has never been greater, and compares very favorably with the rest of the continent. Indeed, the media have been instrumental in initiating investigations, and most cases documented in FY 98 involved the press as an ally in denouncing government misconduct.

Notable results were again achieved through USAID's activity with the National Assembly, which contributes to IR2.2.2, "Capacity of the National Assembly is strengthened." This is the Mission's longest and largest D/G activity. The number of legislative initiatives drafted within the Assembly and enacted (2.2.2#1) indicates improved legislative effectiveness. The FY 98 target was 1 out of 12 total bills enacted, while the actual figure was 3 out of 17, demonstrating the growing importance of the legislature's own priorities within the legislative agenda. The Assembly continued to provide substantive input into legislation proposed by the Executive Branch; this reached 85% in FY 97 and remained high in 1998 at 78.5%, with significant modifications to electoral legislation, the budget bill, an ethics law, and new commercial and labor legislation.

Results under some lower-level IRs were mixed. For example, for IR 2.2.3, "Improved access to and functioning of selected judicial mechanisms," increased availability of legal services to traditionally disadvantaged groups exceeded the target. However, the use of alternative dispute resolution (ADR) mechanisms was not achieved because an overfull calendar precluded the Assembly from considering the enabling legislation; this legislation is on the 1999 agenda.

USAID also established baselines for IR indicators related to two activities, begun at mid-year, to strengthen local governance and civil society advocacy. Baseline figures strongly confirmed the need for these efforts. For example, in the five sites covered by the local governance program, an appraisal found that "citizens have (not) had any real public discussion of these public priority issues in a systematic or profound and prolonged way." Key performance indicators which involve public opinion polling were not measured in FY98. These will be updated within the Mission's focus area in FY 99, and national polling will take place again in FY 01.

Prospects are excellent for achieving performance targets. The underlying fundamentals for Mozambique's democratic consolidation continue to be strongly positive. 1999 is a general election year, and the nature of cross-party consensus, the facile passage of electoral legislation, and the general atmosphere of cooperation have set in motion a positive process. But the dynamics of the political debate will change this year, and the Mission will closely follow the impact of the elections on the pace and progress of democracy building.

For next year's R4, data will be available from a limited repeat of the public opinion survey which provided the baseline for key performance indicators. For FY 99, the Mission will report on: (a) Citizens perceive that public issues are addressed in a participatory manner involving local governments, civil society, and "traditional authorities" (2.1#1); (b) Perception that government works for citizens (2.2#2); (c) Share of local issues discussed in a participatory manner (2.1#2); and (d) Civil society initiated investigations of alleged government misconduct at local and national levels (2.2#3).

Possible Adjustment to Plans   As noted in the FY 00 R4 submission, USAID support of electoral processes has been significantly curtailed. However, the Mission may undertake activities to enhance the transparency of 1999's electoral process and enhance electoral choice. Possible activities include improving the ability of parties to develop and disseminate campaign messages, supporting party campaigns through a contribution to a transparent campaign finance pool, or supporting civil society and political party electoral observers.

USAID assistance to the legislature will continue to be a centerpiece of the Mission program. The Assembly leadership has requested an expansion of this highly successful program at least to mid-FY 00, focusing on: (a) sustaining the institutional improvements made to date; (b) expanding the use of public hearings; and (c) assisting the transition to the new parliament in January 2000.

As USAID/Washington is aware, D/G funding currently available is significantly below levels contemplated when the CSP was approved. Management actions in response to lower funding levels include: (i) reduced dependence on high-cost contracts with U.S. institutions; (ii) selective use of regional and Global Bureau programs; (iii) increased counterpart contributions from partners; (iv) decommitment of unexpended funds and subsequent reprogramming; and (v) requested deobligation/reobligation of other Mission funds for D/G activities.

Other Donor Programs   USAID's is the largest bilateral democracy program in Mozambique; others include: the Netherlands, the Nordic countries, the UK, Ireland, Italy, Portugal, Austria, and Switzerland. Multilateral donors include the EU, UNDP, and the World Bank (public sector and judicial reform). The EU will be the largest financial supporter of the 1999 general elections, complemented by bilateral contributions to a UNDP-administered trust fund.

Major Contractors and Grantees   Activities are implemented primarily through grants to U.S. NGOs, including the National Democratic Institute for International Affairs, the State University of New York Research Foundation, America's Development Foundation, Educational Development Center, and Private Agencies Collaborating Together. Major contractors are Mozambique-based and include a law firm, a university, and a consulting firm.

OBJECTIVE: SO2 Government and civil society are effective partners in democratic governance at national and local levels

APPROVED: 01/MAR/1996 **COUNTRY/ORGANIZATION:** USAID/Mozambique

RESULT NAME: IR2.1 Increased citizen participation in governance at national and local levels

INDICATOR: 2.1#3 Non-governmental political actors testify before various Parliamentary committees

UNIT OF MEASURE: Number of times testimony occurs (disaggregated by committee, type of political actor, and issue)

SOURCE: Partner (State Univ. of New York) monitoring; ongoing collection with annual report/analysis

INDICATOR DESCRIPTION: "Political actors" include representatives from civil society groups, individual citizens, invited non-governmental "experts."

COMMENTS: Results to date are substantially higher than targets; post-FY97 targets were raised last year (original figures indicated in parentheses). Data for this year covers 3 legislative sessions, including 2 during FY98 and a third at the end of the calendar year. Starting in 1999, only sessions during the calendar year will be reported. The target for 2000 is lower than 1999 because a new Parliament will sit following October 1999 general elections. Also see data table 2.2.1#1.

Of the 26 occasions this year, 11 involved provincial public fora at which citizens testified to MPs about proposed constitutional amendments. During another series of public hearings (on legislation to restrict the access of minors to nightclubs), representatives of 115 NGOs participated. In addition to live testimony measured by this indicator, during 1998 there were 5 occasions when letters addressed to Parliamentary committees were discussed at length in closed session.

YEAR	PLANNED	ACTUAL
1995B		0
1996	2	10
1997	4	14
1998	18 (8)	26
1999	23 (12)	
2000	22 (16)	
2001	25 (20)	

STRATEGIC OBJECTIVE: SO2 Government and civil society are effective partners in democratic governance at national and local levels

APPROVED: 01/MAR/1996 **COUNTRY/ORGANIZATION:** USAID/Mozambique

RESULT NAME: IR2.2.1 Capacity of civil society organizations is strengthened

INDICATOR: 2.2.1#1 Civil society institutions precipitate the introduction of legislation or other parliamentary actions (Government Q&A sessions, censure motions, etc.) or influence the substantive amendment of such actions in the National Assembly

UNIT OF MEASURE: Number

SOURCE: Annual assessment by partners working within the Parliament and (beginning in FY 98) with civil society advocacy organizations.

INDICATOR DESCRIPTION: Number of times per year, disaggregated by means of influence and type of civil society institution; types include: media, labor unions, business associations, human rights groups, disadvantaged (women/youth) groups, other special interest groups.

COMMENTS: This indicator was revised in FY 98 to also measure the variety of civil society institutions wielding influence. Data for 1998 covers 3 legislative sessions (2 during FY 98 and a third at the end of the calendar year). Starting in 1999, only sessions during the calendar year will be reported.

Civil society-influenced actions in FY 98 included: debate on the government's cashew nut export tax policy; new labor and defense laws; access of minors law; and the Assembly's censure of the Attorney General for failing to annually appear before it as required under the Constitution (the AG was subsequently sacked by the President).

USAID's new "Civil Society Proposing Policy Alternatives" activity, begun in FY 98, will increase the capacity of CSOs to contribute to public policy debate, and thus will directly contribute to this result.

This indicator may be replaced if it can be shown that the Assembly is substantively amending nearly all non-routine legislation, based on the premise that many such amendments reflect civil society interests, i.e., of the electorate.

YEAR	PLANNED	ACTUAL
1995B		0
1996	2	2
1997	4	1
1998	5	8 times 6 types of CSOs
1999	6	
2000	8	
2001	10	

STRATEGIC OBJECTIVE: SO2 Government and civil society are effective partners in democratic governance at national and local levels
APPROVED: 01/MAR/1996 **COUNTRY/ORGANIZATION:** USAID/Mozambique

RESULT NAME: IR2.2 Key democratic institutions are more effective and accountable

INDICATOR: 2.2#3 Civil society initiated investigations of alleged government misconduct at local and national levels

UNIT OF MEASURE: Number

SOURCE: Annual assessment based on media reports. At least 2 media reports must be cited, of which at least 1 indicates an investigation has been launched by an appropriate government institution.

INDICATOR DESCRIPTION: Number of investigations, disaggregated by type of organization initiating investigation and type of misconduct. For this indicator, "civil society" is includes human rights and "watchdog" groups, and the media.

COMMENTS: Investigations in 1998 involved 8 cases of use of public funds for private purposes, 6 of inappropriate use of power to influence a specific result, and 5 violations of human rights.

While In FY 96-97 human rights abuses represented between 55% and 70% of cases, in FY 98 this share dropped to 26%, and the number of such cases fell as well. There was a corresponding increase in the role of the media in leading the initiation of investigations. Most of the 19 cases involved people using the press as their advocate. The independent media in particular is increasingly viewed by common people as an ally to investigate and denounce abuses.

Proposed amendments to the Constitution drafted by the National Assembly in FY 98 include the creation of a national ombudsman office. If this is created when the legislature votes on the amendments in mid-FY 99, it should have a significant positive impact on this indicator, and may lead to raised targets for FY 99-01.

Although data for FY 98 exceeded the targets for 1998 and 1999, it is too soon to determine whether this is a trend; for this reason the 1999 target has been maintained.

YEAR	PLANNED	ACTUAL
1996B		9
1997	8	12
1998	15	19
1999	18	
2000	22	
2001	25	

STRATEGIC OBJECTIVE: SO2 Government and civil society are effective partners in democratic governance at national and local levels **APPROVED:** 01/MAR/1996 **COUNTRY/ORGANIZATION:** USAID/Mozambique			
RESULT NAME: IR2.2.2 Capacity of National Assembly (AR) is strengthened			
INDICATOR: 2.2.2#1 Legislative initiatives drafted within AR and enacted			
UNIT OF MEASURE: Ratio	**YEAR**	**PLANNED**	**ACTUAL**
SOURCE: Annual partner assessment	1995B		3:5
INDICATOR DESCRIPTION: Proportion of AR-drafted and enacted to total bills enacted. "Legislative initiatives" include bills (laws) and international treaties and conventions.	1996	1:15	1:9
	1997	1:13	2:22
COMMENTS: In a well-functioning activist parliament, up to 1/3 of all bills enacted may originate within the institution itself.	1998	1:12	3:17
	1999	2:10	
FY95 baseline was an anomaly; all 3 bills drafted by the AR concerned the institution's own functioning, as was the law passed in FY 96 dealing with institutional procedures for responding to petitions.	2000	1:10	
Data for 1998 covers 3 legislative sessions, including 2 during FY 98 and a third at the end of the calendar year. Starting in 1999, only sessions during the calendar year will be reported. The target for FY 00 is lower because a new parliament will sit following October 1999 general elections. The 3 initiatives completed in FY 98 were significant: a law restricting access of minors to nightclubs, a law creating a new National Electoral Commission, and the alteration of 2 articles of the national Constitution.	2001	3:10	

C. Strategic Objective 3: Increased use of essential maternal and child health and family planning services in focus area

Summary USAID and other donors provided emergency health assistance after the 1992 Peace Accord, opening access to services in areas hardest hit by war and drought. Mozambique is now establishing a rural primary care network to improve the health status of the general population and a management system to supervise this expanded network. However, progress remains constrained by high rates of infectious disease and malnutrition, the growing prevalence of HIV/AIDS, inadequate access to potable water, and limited capacity to deliver basic health services. Over 60% of Mozambicans (compared to 30% in 1992) now have access to health services, but quality remains a concern; staff in many rural facilities have only rudimentary training, trained managers are rare, and basic equipment and supplies are scarce at all levels.

USAID activities focus on rural areas where health conditions are the worst. The Mission supports U.S. and international private voluntary organizations (PVOs) and contractors working with the Ministry of Health (MOH) to improve the health of mothers and children through community-based delivery of basic information and services. Eight USAID-funded PVOs are now working in 70 districts with an estimated population of 9.5 million; about 1.9 million women of child-bearing age and 665,000 children under five benefit directly. USAID also has improved management skills at MOH clinics and provided technical assistance to support decentralization. As a result, MOH capacity for provincial level planning, human resource management, and budgeting and financial management has been significantly strengthened.

Key Results This program is increasing the use of essential maternal and child health and family planning services through increased access to and demand for community-based services, and through strengthened policy and management of decentralized services. Activities contribute to: increased immunization coverage; prevention and treatment of diarrheal disease; malaria prevention and treatment; improved reproductive health; HIV/AIDS awareness and social marketing of condoms; and prevention and treatment of acute respiratory infections.

Performance and Prospects Data on SO-level indicators will be available after a "mini-DHS" is conducted in focus provinces in 2000 (the national Demographic and Health Survey is now planned to be repeated in 2002). However, data for lower-level indicators show that ***overall progress in FY 98 was on target.***

Expanding and maturing activities contributed to a significant increase in access to and demand for essential health services. This community-based orientation brings health services closer to the people through a strong outreach program in focus provinces. The MOH, in cooperation with PVOs, emphasizes both outreach from fixed facilities and the placement of health volunteers in communities to improve access. The number of communities receiving outreach services from fixed facilities in the focus area increased from 448 in 1997 to 1,065 in 1998, while those receiving services from community-based volunteers increased from 187 in 1997 to 265 in 1998. These results significantly exceed 1998 performance targets (3.1#1).

The impact of increased access is illustrated by the success of the 1998 National Immunization Days (NIDs). Initiated as part of the global effort to eradicate polio, the first NIDs, in 1997, were very disappointing, with national coverage barely reaching 70%. USAID played a major role in a concerted multi-donor effort to provide operational support and technical assistance to help the MOH plan and implement the 1998 NIDs. At the same time, USAID-funded PVOs and contractors involved in child survival field activities supported provincial and district health directorates in terms of planning, logistics, manpower, and social mobilization. The results were stunning, with over 3.5 million children vaccinated, representing over 110% coverage of the target group (some children older than the target group also received vaccinations).

USAID recognizes the importance of improving both the quality and quantity of clinic-based health services. The program helps to ensure the availability of essential commodities while expanding and improving the capacity to provide basic care, including the development of functional referral systems which are essential to an effective health system. Increased capacity to provide essential care is reflected in the number of first-time maternal and child health visits to MOH facilities (3.2#2). There were 947,000 such visits to MOH facilities in 1997, more than double the 432,000 recorded in 1996 (1998 data are not yet available).

Knowledge and use of safe child spacing methods are very limited. Increased awareness of the importance of reproductive health and availability of services are high priorities. USAID works with the MOH to expand family planning services into basic health programs. This effort began in 1998 and is proceeding quickly; by the end of the year, 79 health posts in Nampula and Zambezia were providing family planning services, compared with a 1997 baseline of zero and a target of three in Nampula only. Efforts to build provincial-level capacity to conduct education campaigns aimed at changing sexual behavior will expand over the rest of the strategy period.

The one area of disappointment was the HIV/AIDS condom social marketing program, which failed to meet its very ambitious 1998 condom sales targets. By the end of 1998, this activity had established over 2,600 commercial sales outlets, selling over 10 million condoms. However, that sales figure is virtually unchanged from 1997, far below the target of 17 million (3.2#1). Reasons included a two-month nationwide stockout, followed by a price increase; another factor was the distribution of free condoms by the MOH (improved coordination will prevent a recurrence of this problem). The fact that condom sales held steady in spite of these mitigating factors indicates the strength of this program, which should regain its rhythm in 1999.

During 1998 the MOH continued its planned move toward program-based planning (sector-wide assistance programs or SWAPs; see Annex 5), and began developing the centerpiece of the effort, a health sector financing strategy. USAID financed four key studies, including: an expenditure review to track money flows into and through the public and private health sectors; a legal/regulatory study to examine policies that impede or aid the development of innovative solutions to service delivery; a social study to examine consumer behavior; and a pharmaceutical study to examine flows through the system. The Mission also supported a national seminar on health finance in December 1998 to discuss the implications of preliminary study results. Participants, including senior MOH officials, agreed that even with increased resources the MOH alone would not have the capacity to effectively deliver primary health care services to the entire population. This significant admission opened up a more profound debate on the role of government in the health sector, and led to acceptance of an expanded role for private voluntary and for-profit health care organizations. In 1999, with continued USAID support, the MOH will move forward with strategy development and capacity building for a future sector approach.

USAID support also improved MOH provincial-level management, pharmaceutical management, and systems for data collection and analysis; thereby also strengthening government capacity to develop policies to expand effective and efficient public and private health service delivery.

Possible Adjustment to Plans The Mission and the GRM signed a health sector Strategic Objective Agreement (SOAG) on September 30, 1998, which provides the framework for USAID health sector assistance through September 2002. It maintains USAID s strategic focus, recognizes the MOH's role in service delivery, and seeks more substantive MOH involvement in the design of activities and allocation of funding. The Mission is currently working with the MOH to develop Results Packages for child survival, reproductive health, capacity building, and health sector support/reform activities. This process is likely to lead to modifications in some lower-level Intermediate Results and indicators; such changes will be reported in next year's R4.

As implementation proceeds, some contracts and grants will be amended or phased out based upon joint MOH-USAID review of impact and effectiveness. To facilitate that review, USAID contractor and grantee partners will not conduct the midterm evaluations and KPC surveys planned for 1999. Instead, the Mission plans a collaborative lessons-learned assessment of all USAID-funded activities during 1999. In addition, a health impact survey (mini-DHS) is planned in the focus provinces to provide mid-strategy progress data; however, this survey may be delayed until 2000 because Mozambique s new master sampling frame, based on the 1997 census, is not yet available. These changes will reduce performance data available next year, but will ensure that future reporting is based upon more complete and statistically valid information.

As noted last year, USAID is restructuring activities under Intermediate Result 3, Strengthened policy and management of decentralized, essential services, to reflect MOH momentum toward a sector strategy. Plans include increased technical and financial assistance to the central MOH for policy and strategy development, support for development and piloting of a hospital cost-recovery system, and help to improve procurement and logistical management of essential drugs. USAID and the MOH also are developing a package of technical and financial support to build MOH provincial capacity to implement an eventual SWAP.

Other Donor Programs About 90% of Mozambique s health sector investment budget and over 70% of the recurrent budget come from donor resources. The GRM plans to increase budgetary allocations for health to $1.48 per capita by 2002 (from $1.19 in 1993), but heavy reliance on donors will continue. Donors participate in an active sector working group chaired by the MOH; they include Canada, Denmark, the Netherlands, the European Union, UK, Finland, Ireland, Italy, Norway, Spain, Switzerland, UN agencies, and the World Bank.

Major Contractors and Grantees USAID works with the MOH and with U.S., international, and local organizations. PVO grantees include World Vision, Save the Children, CARE, Health Alliance International, Medical Care Development International, Pathfinder, Project HOPE, and Population Services International; many of these partner with local NGOs. U.S. contractors include Management Sciences for Health, John Snow, and the University Research Corporation.

OBJECTIVE: SO3 Increased use of essential maternal and child health and family planning services in focus area
APPROVED: 01/OCT/1995 **COUNTRY/ORGANIZATION:** USAID/Mozambique

RESULT NAME: IR3.1 Increased access to community-based services

INDICATOR: 3.1#1 Communities receiving services

	YEAR	PLANNED	ACTUAL
UNIT OF MEASURE: Number **SOURCE:** PVO partners **INDICATOR DESCRIPTION:** Communities in the focus area that receive ***EITHER*** outreach services from a fixed facility (FHF) ***OR*** services from community-based volunteers/promoters (CBV) **COMMENTS:** The MOH, assisted by USAID-funded PVOs, dramatically increased communities access to basic MCH services in 1998, as shown here. In addition, the number of health posts equipped and staffed to provide family planning services increased from none in 1997 to 79 in 1998, with USAID support. Although access to services is increasing, the quality of service remains a concern.	1997B		FHF 448
	1998	FHF 493 CBV 205	FHF 1,065 CBV 265
	1999	FHF 538 CBV 224	
	2000	FHF 560 CBV 243	
	2001	FHF 627 CBV 262	

OBJECTIVE: SO3 Increased use of essential maternal and child health and family planning services in focus area **APPROVED:** 01/OCT/1995 **COUNTRY/ORGANIZATION:** USAID/Mozambique			
RESULT NAME: IR3.2 Increased demand for community-based services			
INDICATOR: 3.2#2 MCH care seeking (first visit)			
UNIT OF MEASURE: Number in thousands	**YEAR**	**PLANNED**	**ACTUAL**
SOURCE: MOH	1994B		344
INDICATOR DESCRIPTION: First-time maternal (antenatal) OR child (growth monitoring) visits to MOH facilities in the preceding 12 months; data are from 6 focus area provinces (Gaza, Niassa, Zambezia, Nampula, Sofala, Manica).	1995		382
	1996		432
	1997	450	947
COMMENTS: 1998 data are not yet available. The dramatic increase in 1997 is evidence that the post-war rehabilitation and new construction of health facilities has brought services to previously inaccessible and unserved populations. This 1997 spike in first visits may thus be a one-time phenomenon. The established annual targets are still considered to be reasonable projections for the coming years. However, if 1998 data are as high as 1997 s, targets may be revised.	1998	465	
	1999	490	
	2000	520	
	2001	550	

OBJECTIVE: SO3 Increased use of essential maternal and child health and family planning services in focus area **APPROVED:** 01/OCT/1995 **COUNTRY/ORGANIZATION:** USAID/Mozambique			
RESULT NAME: IR3.2 Increased demand for community-based services			
INDICATOR: 3.2#1 Condoms sold			

UNIT OF MEASURE: Number in millions	**YEAR**	**PLANNED**	**ACTUAL**
SOURCE: Implementing partner (Population Services International)	1995B		2
INDICATOR DESCRIPTION: Condoms sold through commercial channels (market kiosks, shops, etc.)	1996		4
	1997	9	10
COMMENTS: Based on remarkable results since 1995, targets were adjusted upward last year, with a note that continued adequate supply of condoms is essential for sustained increases; in 1998, USAID was again the only donor procuring condoms.	1998	17	10
	1999	25	
	2000	33	
Sales growth faltered in 1998. Most important, delays in the shipment of USAID-procured condoms resulted in a 2-month nationwide mid-year stockout. Then a planned price increase (doubling from 4 to 8 cents) kicked in just as new supplies arrived. Finally, MOH distribution of more than 3 million free condoms certainly cut into commercial demand; improved coordination will prevent a recurrence of this problem. In view of these factors, maintaining sales at 10 million was an achievement. As the program recovers during 1999, the rhythm of increasing sales should be re-established. During 1999, USAID, MOH, and UK/DfID will jointly review and revise Mozambique s HIV/AIDS condom social marketing program. Future-year targets may be adjusted based on this review. DfID plans to begin condom procurement for this program in 2000. Related indicators were also affected by the factors noted above. The number of sales outlets (3.1#3) reached 2,604 in 1998, significantly up from 1,915 in 1997 but falling short of the target of 3,000. 1998 data on condom use (3#8) showed no change from 1997, with 28% of respondents reporting condom use during sexual intercourse with non-regular partner.	2001	40	

D. Strategic Objective 4 (proposed): Increased private sector capacity for environmentally sound investment

Summary Based on the request and justification presented in last year's R4, USAID/Washington authorized the Mission to proceed with the development of a new strategic objective in the environment and natural resource management sector, with initial funding planned for FY 99. The new program description for SO4 is submitted, for USAID/Washington review and approval, as Annex 6 to this document.

Economic growth and development in Mozambique depend fundamentally on foreign and domestic private investment. Such investment, at least in the medium term, will concentrate in sectors which rely on the country's natural resources. For growth to be sustainable, environmental degradation and the use of non-renewable natural resources must be managed to ensure continued access to resources for future generations. To accomplish this, standards appropriate to Mozambique yet reflecting international norms need to be established, and the capacity of Mozambican institutions to apply and monitor these standards must be strengthened. While recent legislation defines specific roles for government agencies, it will also be important for the private sector, as the driving force of the economy, to act as stewards of the natural resource base. The support of the private sector in developing environmental standards and in mobilizing private investments that meet these standards is essential to achieve sustainable economic growth.

Key Results This objective will be achieved through (1) increased private sector awareness and advocacy and (2) improved institutional capacity to develop and implement environmental policies and regulations. See Annex 6 for more details.

Plans and Prospects The Mission expects Africa Bureau review and approval of the proposed SO4 in mid-FY 99, and has begun preparing a Strategic Objective Agreement (SOAG). Based on Bureau approval of the objective, the SOAG will be negotiated and signed in the last quarter of FY 99, providing the initial obligation of funds. The Mission expects activity implementation to begin in January 2000, and plans for SO4 to be completed by the end of FY 03.

E. Special Objective: Improved enabling environment for private sector-led growth and development

Summary Through the economic restructuring success of the Government of the Republic of Mozambique (GRM), the country has achieved exceptional gross domestic product (GDP) growth while maintaining a stable currency, dramatically lowering inflation and interest rates and increasing fiscal allocations for social sector investments. GDP growth has been strong since 1993, with exceptionally high rates of 12% and 10.9% (preliminary) achieved in 1997 and 1998; 1998 figures also indicate that inflation continues to decrease. While economic stability has generated great investment interest and a significant increase in first-round foreign investment totaling about $8 billion (1998-2001), including substantial U.S. investment, much work remains to be done before Mozambique can sustain the benefits of growth through a truly open economy. Red tape and antiquated regulations, an outdated tax system, trade barriers, inadequate telecommunications and transport infrastructure, and underdeveloped capital markets all require urgent attention before Mozambique can sustain the levels of foreign and domestic investment required for fast-track growth. To meet these challenges, the active leadership of an informed private sector is crucial to ensure that the GRM reform agenda best promotes trade and commercial interests.

Key Results To improve the enabling environment for private sector-led growth and development, USAID will focus on two results: (1) increasing the role of the private sector in the development of economic policy, legislation and regulations; and (2) improving policies and facilities to encourage trade and investment. Specific interventions under the first of these include institutional and analytical support to the Confederation of Business Associations (CTA), the private sector group dedicated to improving policy and eliminating red tape (it is recognized by the government as its principal interlocutor in these areas); as well as expansion of Internet services throughout the country by the private sector. Under the second major result, USAID supports: (a) more openness to trade, both regional (under the Southern Africa Development Community, SADC, trade protocol) and global (under the World Trade Organization); (b) the introduction of a value-added tax; (c) the reduction of red tape; and (d) the completion of the privatization of the three main rail lines, which serve much of the eastern area of Southern Africa. To achieve these results, USAID provides a combination of technical assistance resources to the private and public sectors and nonproject assistance (NPA) to compensate for temporary revenue shortfall resulting from tariff and tax reforms.

Performance and Prospects While this is a new program, many of the activities began on a pilot basis in 1997-98.

USAID has provided a modest level of assistance to CTA since early 1997, funding one full-time economist to support the board of directors and supporting external analysis of specific policy areas. The “secretariat” has made it possible for CTA to remain actively engaged in red tape issues (through weekly inter-ministerial meetings) and to pursue in greater depth issues of particular importance to the private sector. In 1998 these issues included most notably trade, labor law, the introduction of a value-added tax, and changes to the regulatory framework governing imports and exports.

As a result, through the joint efforts of CTA, the Ministry of Industry, Commerce and Tourism (MICTUR), and the Ministry of Plan and Finance, significant steps were taken in 1998 to reduce red tape: (i) simplified registration procedures were issued and widely promulgated for commercial and industrial licensing; and (ii) a single document was introduced for imports, and the requirement for multiple licensing by class of importer (there were over 20 categories, based on the type of good imported) and by transaction was replaced by a general importer's license and a single export/import document. These new measures have not been without start-up problems, but promise to lead to significant improvements to the time and effort now required to set up businesses and to effect imports or exports.

CTA, with USAID assistance, also undertook a comprehensive study of 1998 labor legislation, including analysis of its implications for employment and business expansion. The study had only minor impact on the legislation itself because the parliament was not prepared to reopen discussion on articles it had already debated. However, this effort provided valuable lessons to CTA members, including (i) the need to weigh in early on proposed legislation affecting the private sector, and (ii) the importance of sharing such analyses with the press and the public, rather than relying solely on "back channels" to influence legislation.

Along with the successes achieved, these efforts have shown that in order to take on the wide range of issues where the private sector has a critical interest, CTA needs to become less *ad hoc* and more professional in its ongoing operations. It also needs to develop better and more regular communications with its member associations, particularly those based outside Maputo.

Throughout 1998, with support from the Regional Center for Southern Africa, USAID provided a U.S. trade specialist to CTA to help business and government leaders understand the implications of opening up the economy to trade. In its first phase, this effort focused on developing a consensus in the business community that regional free trade presented an opportunity that deserved the broad support of the Mozambican private sector. In the second phase, which began in October 1998, USAID has been providing direct support to the government's negotiating team (which has CTA representation) for the SADC Trade Protocol. As a result, Mozambique will ratify the protocol in early 1999 and make a full offer by the March trade negotiating forum (TNF) – an offer that supports the development of a regional free trade area. Before USAID's intervention in 1998, Mozambique had requested special status to begin lowering tariff barriers only after all other countries (with the exception of the Congo and Angola) had completed their reductions in 2006.

In late 1997 USAID assistance helped to introduce commercial Internet services to Maputo through the Leland Initiative; full Internet connections rose from 250 in 1997 to 3,347 by the end of FY 98.

In 1999, USAID will provide increased and more systematic institutional support to CTA to: establish an analytical capacity to track policy, legislation and regulation affecting business and investment; and develop (as was done for trade) a consensus between the public and private sectors on reforms and, where appropriate, to assist the government to implement policy change where it lacks the capacity to do so on its own (notably the case for trade negotiations). In 1999, Mozambique will ratify the SADC trade protocol and table its proposal. It will further reduce red tape, particularly where it impedes investment and small business establishment and growth. Internet services will spread outside Maputo, through competitive private sector providers. Two of the three main regional rail corridors will be privatized in 1999. By early 2000, a value-added tax will replace a cascading sales tax that distorts economic incentives, and will expand the tax base so that the current reliance on tariff revenues can be reduced.

Also in 1999, USAID will begin a program to support the government/CTA “Trade Technical Unit” in order to accelerate Mozambique’s reduction of regional and general trade barriers. These reforms will entail significant short-term revenue losses that USAID assistance will partially and temporarily compensate with budget support.

Because funding for the Special Objective was not available for disbursement in FY 98, planned baseline studies were postponed to mid-1999. In addition, the World Economic Forum’s competitiveness study will next be published in early 2000, not annually as originally envisaged. Where 1998 data was available on other indicators, however, ***progress met expectations***. In next year’s R4, the Mission will report on additional indicators as baselines and performance data systems are completed.

Possible Adjustments to Plans None at this time.

Other Donor Programs The IMF supports the introduction of the value-added tax. Sweden is assisting CTA and other business associations on revenue generation through member fees. The World Bank was the main catalyst for the successful privatization of the banking sector, completed in 1997; the Bank also provides on-going support to the Private Sector Unit of MICTUR, responsible for working with other ministries and CTA on red tape reduction. The UK has provided a modest level of support to CTA for analysis of trade and informal sector issues. USAID will be the largest source of direct assistance to CTA and the major supporter of trade reform (although UNCTAD, through SADC’s Industry and Trade Coordination Division, has provided some statistical assistance).

Principal Contractors, Grantees or Agencies To be determined.

OBJECTIVE: Special Objective Improved enabling environment for private sector-led growth and development **APPROVED:** 25/SEP/1998 **COUNTRY/ORGANIZATION:** USAID/Mozambique			
RESULT NAME: SPO-IR1.1 Effective and informed private sector voice in policy formulation			
INDICATOR: SPO-IR1.1#2 Analyses of proposed policies or legislation performed or contracted by CTA annually			
UNIT OF MEASURE: number **SOURCE:** ongoing activity monitoring **INDICATOR DESCRIPTION:** **COMMENTS:** In 1998, CTA analyzed and commented on (1) the labor law; (2) the SADC trade protocol; (3) the VAT; (4) the "single document" for imports.	**YEAR**	**PLANNED**	**ACTUAL**
	1997B		0
	1998	2	4
	1999	4	
	2000	5	
	2001	6	

OBJECTIVE: Special Objective Improved enabling environment for private sector-led growth and development **APPROVED:** 25/SEP/1998 **COUNTRY/ORGANIZATION:** USAID/Mozambique			
RESULT NAME: SPO-IR1.3 Reliable commercial Internet services available			
INDICATOR: SPO-IR1.3#1 Internet subscribers			
UNIT OF MEASURE: number **SOURCE:** ongoing activity monitoring and review of data from ISPs (Internet Service Providers) **INDICATOR DESCRIPTION:** subscribers as of October each year **COMMENTS:** In light of progress to date and to reflect service expansion to other Mozambican cities, targets will be revised during 1999.	**YEAR**	**PLANNED**	**ACTUAL**
	1997B full-service email-only	 	 250 1,000
	1998 full-service email-only	 2,000 1,500	 3,347 841
	1999 full-service email-only	 2,500 1,500	
	2000 full-service email-only	 3,000 1,000	
	2001 full-service email-only	 4,000 1,000	

III. Resource Request

Program Further achievement under the Mission's rural incomes objective is *jeopardized by scarcity of EG and AG financing*. At greatest risk is USAID's commitment under the multi-donor roads program. As documented in Maputo 1065, without relief, USAID cannot proceed with a construction contract for the Caia-Gorongosa road link. President Chissano highlighted this activity in his meeting with Transportation Secretary Slater last November, given its political and economic importance in connecting the north and south of Mozambique, and especially as a channel for agricultural surpluses to reach markets.

As well, approved results packages for improved rural financial systems and sustainable agricultural output are *at risk due to projected reductions in Title II*. Monetized food aid has enabled the Mission to proceed with a scaled-back SO1, despite DA levels less half those budgeted in the CSP. Projected cuts in Title II resources, from $22.2 million in FY 98, to $20.9 in FY 99, to $18.4 million in FY 00, along with the elimination of Title III resources also used by the program, will proportionally limit the program's contributions to increased rural incomes.

USAID/Mozambique urgently requests relief in EG and AG funding, and a restoration of Title II resources, adequate to ensure that the Mission can meet its SO1 targets.

The Mission also has submitted a request for a full ATRIP program, including activities *to meet U.S. commitments as announced by Administrator Atwood during the Chissano visit*. This request for funding through FY 00 is not reflected in the program budget tables as these funds are sourced from the Bureau ATRIP program. The proposal includes technical assistance and private sector institution building, as well as budget support to ensure that high priority GRM investments in education and health maintain their pace while the government shifts its revenue base in order to open the economy and increase trade and investment. An additional $200,000 of Leland Initiative funding for Internet expansion outside of Maputo was also requested and "delivered" during the Chissano visit.

USAID/Mozambique's ESF request for FY 00 and 01, in support of its democracy/governance objective, is included in the program budget tables, and is detailed in the Mission Performance Plan, as required in State 49373.

OE/TF Bureau control levels in FY 00 and 01, straightlined at $3.2 million in OE and $800,000 in TF, would have two deeply negative impacts: (1) the elimination of any possibility of a Mission relocation from five scattered residential buildings to a secure, consolidated leased office building; and (2) a decrease in the quality of housing and security for USDH such that USAID would be well below U.S. Mission standards for both.

Security: USAID/Mozambique currently operates out of five residential properties, marginally modified for office use. These houses are spread over a five-block area in a residential neighborhood. To reduce OE expenses, the Mission no longer provides transportation services home to office (despite continued poor public transportation) or between buildings, so employees normally walk across busy streets and down long blocks to attend meetings, cash checks (including salary checks), and use services. Cars are parked on narrow neighborhood streets; one was robbed in front of a USAID building earlier this year, and the Mission cashier was robbed at gunpoint.

The security of our buildings is well below standards for a medium-threat post such as Maputo. The setback from the street varies from three to 15 feet. Some buildings have fire alarms, though none has a complete, functioning system. While some buildings have security doors, and one a safe haven, these are not standard features. In fact, given the setting and structure of these houses, it is impossible that they could ever meet most security requirements. The overall conclusion of the recent security threat assessment, as stated by the Regional Security Officer, is that USAID/Mozambique's current office configuration is his biggest security nightmare.

In May 1998, after five months of looking for a secure location, the Mission identified a property where a commercial building was about to be constructed. The RSO has worked closely with USAID/Security and the builder to ensure that all security enhancements feasible are incorporated during construction. Assuming final approvals are secured, the Mission has been looking forward to a December 2000 move. However, the OE and TF target figures provided for FY 00 and 01 are too low to allow the relocation. In the absence of a move, USAID would remain in its current quarters and spend increasing amounts of OE and TF to make high-cost yet marginal improvements. Unfortunately, the target levels are not sufficient for even these marginal improvements, and the Mission would hope they would be centrally funded.

Housing: Staff housing is the single most glaring problem. Costs have skyrocketed for the U.S. Mission in Maputo due to family size changes and increased demand associated with foreign investors. Whereas the Mission historically had a large number of single staff or couples without children due to the civil war and poor schools, the situation has chaned: the 13 USDH last year had 25 dependent children at post, and that number is expected to increase. Rents are largely based on house size. At current costs and within current OE levels, the Mission is unable to rent houses to provide FAM-allowable square footage to all USDH families. This situation is likely to get worse as we move more USDH families to the Miramar compound, where houses are very small. Embassy, USIS and PC housing remains at FAM standards.

Residential Security: Security guard costs jumped by 50% in 1999 with an increase in both office and residential guards. While the Mission has no discretionary authority for office property (and those costs are very high with five separate sites covered 24 hours/day), we do have discretionary authority over residential guards. To date, we have hesitated to reduce guard coverage on homes because of the increasing crime rate. However, one option for further reduction of OE expenses, if we are not able to gain budget relief, is to reduce residential coverage to 12 hours. Again, however, we expect this will result in a lower standard for USAID employees than for Embassy, USIS, DAO and Peace Corps.

Travel and Program Oversight: While most Mission program managers are program funded, it is the responsibility of USDH employees to ensure adequate oversight of USAID-funded activities. This necessarily includes travel to program sites by USDH officers, who in Mozambique are currently NOT traveling sufficiently to ensure adequate oversight of program activities and program-funded staff. The Mission has experienced several instances this year where a lack of travel by USDH has resulted in potential accountability problems. Travel in

Mozambique is very, very expensive. The road system does not cover the country, requiring use of expensive air charters to USAID's program focus areas in the center and north of the country. On those occasions where USDH staff do travel, they are forced to rely on program grantees and contractors for transportation, logistics, and oftentimes lodging. This puts USDH officers in a situation of dependence on the same people whose programs they need to oversee. While several solutions to this potential conflict-of-interest situation have been discussed (e.g. the placement of three OE-funded vehicles in common sites, for example), the Mission's current and projected OE levels simply do not allow for this expense. The Mission's vulnerability in this regard cannot be overstated.

OE Workforce Increases: USAID/Mozambique also requires OE resources to strengthen, for accountability reasons, its workforce through the hiring of an FSNPSC project accountant to reduce a severe program implementation bottleneck and a personal property clerk to address the NXP and EXP data entry workload and reconciliation. The Mission also proposes hiring locally a USPSC construction site manager to oversee the completion of a new office building, assuming the project goes ahead. Another requirement is a one-year PSC closeout specialist to handle a backlog of grants and contracts dating to 1995.

USDH Workforce: The Mission's USDH workforce is inadequate to manage the large and complex development strategy approved for Mozambique. Over the past two years, Mission management has sought to reduce the spread of diverse activities (especially in SO1 and SO2) and to vary implementation mechanisms in order to reduce the workload of the Regional Contracting Officer. In addition, old projects and old pipelines are systematically being deobligated to reduce the management burden. Still there simply are not enough managers for a program with five strategic areas, annual financial allocations of $65-75 million, and responsibility for regional services for two closeout missions.

Actions to Reduce OE Costs: All of the above describe OE and workforce requirements as presented in the Mission's "request" levels. This is a comprehensive list of actions taken or being taken to ensure that USAID/Mozambique's OE requests are reasonable:

1. By the end of this year, six USDH families will have been moved to the Miramar compound, and after office relocation another three will be housed in USAID-owned residences;
2. The Mission has zeroed out regular renovations with NXP, with only emergency and Y2K procurement;
3. No USDH furniture has been, or will be, purchased until the relocation;
4. Three auctions to reduce warehouse costs returned $50,000 to USAID;
5. Lodging-plus per diem was introduced to reduce travel expenses;
6. Bank charges totaling $11,000 were saved by eliminating check cashing privileges for other agency employees;
7. Every staff position has been evaluated to determine appropriate application of program or OE financing, in accordance with guidelines;
8. TF flows were increased by developing new TF-generating programs;
9. To reduce OE costs of providing administrative and management services, the Mission is creating a project support unit to assume these responsibilities;

10. Security costs will be cut by 50-60% by relocating to one office building; and
11. Messenger, janitor and mail service costs will be reduced by consolidation.

FY 1999 Budget Request by Program/Country

Program/Country: Mozambique

07-Apr-99
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Approp Acct: DA/CSD
Scenario

O. # , Title	**Bilateral/ Field Spt**	**Total**	**Micro-Enterprise**	**Agri-culture**	**Other Economic Growth**	**Children's Basic Education (*)**	**Other HCD**	**Population**	**Child Survival (*)**	**Infectious Diseases (*)**	**HIV/AIDS (*)**	**Other Health**	**Environ**	**D/G**	**Est. S.O. Expendi-tures**	**Est. S.O. Pipeline End of FY 99**
		FY 1999 Request														
SO 1:	Increased Rural Household Income															
	Bilateral	19,800		9,200	7,500								3,100		25,700	35,160
	Field Spt	0														
		19,800	0	9,200	7,500	0	0	0	0	0	0	0	3,100	0	25,700	35,160
SO 2:	Government & Civil Society are Effective Partners in Democratic Governance															
	Bilateral	2,700												2,700	3,300	3,600
	Field Spt	0														
		2,700	0	0	0	0	0	0	0	0	0	0	0	2,700	3,300	3,600
SO 3:	Increased Use of Essential Maternal/Child Health and Family Planning Services															
	Bilateral	13,520						3,100	5,100	1,500	2,820	1,000			12,840	23,500
	Field Spt	2,700						1,700	1,000							
		16,220	0	0	0	0	0	4,800	6,100	1,500	2,820	1,000	0	0	12,840	23,500
SO 4:	Increased Private Sector Capacity for Environmentally Sound Investment															
	Bilateral	2,000											2,000		200	1,800
	Field Spt	0														
		2,000	0	0	0	0	0	0	0	0	0	0	2,000	0	200	1,800
SPO	Improved Enabling Environment for Private Sector-Led Growth and Development (1)															
	Bilateral	0													400	630
	Field Spt	0														
		0	0	0	0	0	0	0	0	0	0	0	0	0	400	630
Other	PD&S															
	Bilateral	0														
	Field Spt	0														
		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SO :																
	Bilateral	0														
	Field Spt	0														
		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SO :																
	Bilateral	0														
	Field Spt	0														
		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Bilateral		38,020	0	9,200	7,500	0	0	3,100	5,100	1,500	2,820	1,000	5,100	2,700	42,440	64,690
Total Field Support		2,700	0	0	0	0	0	1,700	1,000	0	0	0	0	0	0	0
TOTAL PROGRAM		40,720	0	9,200	7,500	0	0	4,800	6,100	1,500	2,820	1,000	5,100	2,700	42,440	64,690

FY 99 Request Agency Goal Totals	
Econ Growth	16,700
Democracy	2,700
HCD	0
PHN	16,220
Environment	5,100
Program ICASS	0
GCC (from all Goals)	0

FY 99 Account Distribution (DA only)	
Dev. Assist Program	29,300
Dev. Assist ICASS	
Dev. Assist Total:	29,300
CSD Program	11,420
CSD ICASS	
CSD Total:	11,420

(1) The Mission has requested SpO financing from the ATRIP Program and Leland Initiative, which is additional to Bureau control levels for Mozambique. Expenditures are against FY 98 obligation.

FY 1999 Budget Request by Program/Country

Program/Country: Mozambique

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Approp Acct: ESF
Scenario

O. # , Title																
		FY 1999 Request														**Est. S.O.**
	Bilateral/ Field Spt	**Total**	**Micro-Enterprise**	**Agri-culture**	**Other Economic Growth**	**Children's Basic Education (*)**	**Other HCD**	**Population**	**Child Survival (*)**	**Infectious Diseases (*)**	**HIV/AIDS (*)**	**Other Health**	**Environ**	**D/G**	**Est. S.O. Expendi-tures**	**Pipeline End of FY 99**
SO 1:	Increased Rural Household Income															
	Bilateral	0														
	Field Spt	0														
		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SO 2:	Government & Civil Society are Effective Partners in Democratic Governance (2)															
	Bilateral	1,000													650	1,000
	Field Spt	0														
		1,000	0	0	0	0	0	0	0	0	0	0	0	0	650	1,000
SO 3:	Increased Use of Essential Maternal/Child Health and Family Planning Services															
	Bilateral	0														
	Field Spt	0														
		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SO 4:	Increased Private Sector Capacity for Environmentally Sound Investment															
	Bilateral	0														
	Field Spt	0														
		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SPO	Improved Enabling Environment for Private Sector-Led Growth and Development															
	Bilateral	0														
	Field Spt	0														
		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other	PD&S															
	Bilateral	0														
	Field Spt	0														
		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SO :																
	Bilateral	0														
	Field Spt	0														
		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SO :																
	Bilateral	0														
	Field Spt	0														
		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Bilateral		1,000	0	0	0	0	0	0	0	0	0	0	0	0	650	1,000
Total Field Support		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL PROGRAM		1,000	0	0	0	0	0	0	0	0	0	0	0	0	650	1,000

FY 99 Request Agency Goal Totals	
Econ Growth	0
Democracy	1,000
HCD	0
PHN	0
Environment	0
Program ICASS	0
GCC (from all Goals)	0

FY 99 Account Distribution (DA only)	
Dev. Assist Program	
Dev. Assist ICASS	
Dev. Assist Total:	0
CSD Program	0
CSD ICASS	
CSD Total:	0

(2) Expenditures are against FY 98 obligations

FY 2000 Budget Request by Program/Country

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Program/Country: Mozambique

Approp Acct: DA/CSD
Scenario

S.O. # , Title	**Bilateral/ Field Spt**	**Total**	**Micro-Enterprise**	**Agri-culture**	**Other Economic Growth**	**Children's Basic Education (*)**	**Other HCD**	**Population**	**Child Survival (*)**	**Infectious Diseases (*)**	**HIV/AIDS (*)**	**Other Health**	**Environ**	**D/G**	**Est. S.O. Expendi-tures**	**Est. S.O. Pipeline End of FY 00**
		FY 2000 Request														
SO 1:	Increased Rural Household Income														Year of Final Oblig: 03	
	Bilateral	24,300		11,000	9,300								4,000		28,000	31,460
	Field Spt	0														
		24,300	0	11,000	9,300	0	0	0	0	0	0	0	4,000	0	28,000	31,460
SO 2:	Government & Civil Society are Effective Partners in Democratic Governance														Year of Final Oblig: 03	
	Bilateral	2,400												2,400	2,800	2,800
	Field Spt	0														
		2,400	0	0	0	0	0	0	0	0	0	0	0	2,400	2,800	2,800
SO 3:	Increased Use of Essential Maternal/Child Health and Family Planning Services														Year of Final Oblig: 03	
	Bilateral	12,875						4,850	3,825	700	3,100	400			15,000	22,300
	Field Spt	1,425						1,250	175							
		14,300	0	0	0	0	0	6,100	4,000	700	3,100	400	0	0	15,000	22,300
SO 4:	Increased Private Sector Capacity for Environmentally Sound Investment														Year of Final Oblig: 03	
	Bilateral	4,500											4,500		2,000	4,300
	Field Spt	0														
		4,500	0	0	0	0	0	0	0	0	0	0	4,500	0	2,000	4,300
SPO	Improved Enabling Environment for Private Sector-Led Growth and Development (1)														Year of Final Oblig: 03	
	Bilateral	0													630	0
	Field Spt	0														
		0	0	0	0	0	0	0	0	0	0	0	0	0	630	0
Other	PD&S														Year of Final Oblig:	
	Bilateral	0														
	Field Spt	0														
		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SO :															Year of Final Oblig:	
	Bilateral	0														
	Field Spt	0														
		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SO :															Year of Final Oblig:	
	Bilateral	0														
	Field Spt	0														
		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Bilateral		44,075	0	11,000	9,300	0	0	4,850	3,825	700	3,100	400	8,500	2,400	48,430	60,860
Total Field Support		1,425	0	0	0	0	0	1,250	175	0	0	0	0	0	0	0
TOTAL PROGRAM		45,500	0	11,000	9,300	0	0	6,100	4,000	700	3,100	400	8,500	2,400	48,430	60,860

FY 00 Request Agency Goal Totals	
Econ Growth	20,300
Democracy	2,400
HCD	0
PHN	14,300
Environment	8,500
Program ICASS	0
GCC (from all Goals)	0

FY 00 Account Distribution (DA only)	
Dev. Assist Program	37,300
Dev. Assist ICASS	
Dev. Assist Total:	37,300
CSD Program	8,200
CSD ICASS	
CSD Total:	8,200

(1) The Mission has requested SpO financing from the ATRIP Program and Leland Initiative, which is additional to Bureau control levels for Mozambique. Expenditures are against FY 98 obligation.

FY 2000 Budget Request by Program/Country

Program/Country: Mozambique

07-Apr-99
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Approp Acct: ESF
Scenario

O. # , Title	Bilateral/ Field Spt	Total	Micro-Enterprise	Agri-culture	Other Economic Growth	Children's Basic Education (*)	Other HCD	Population	Child Survival (*)	Infectious Diseases (*)	HIV/AIDS (*)	Other Health	Environ	D/G	Est. S.O. Expendi-tures	Est. S.O. Pipeline End of FY 00
		FY 2000 Request														
SO 1: Increased Rural Household Income																
	Bilateral	0														
	Field Spt	0														
		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SO 2: Government & Civil Society are Effective Partners in Democratic Governance																
	Bilateral	500													700	800
	Field Spt	0														
		500	0	0	0	0	0	0	0	0	0	0	0	0	700	800
SO 3: Increased Use of Essential Maternal/Child Health and Family Planning Services																
	Bilateral	0														
	Field Spt	0														
		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SO 4: Increased Private Sector Capacity for Environmentally Sound Investment																
	Bilateral	0														
	Field Spt	0														
		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SPO Improved Enabling Environment for Private Sector-Led Growth and Development																
	Bilateral	0														
	Field Spt	0														
		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other PD&S																
	Bilateral	0														
	Field Spt	0														
		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SO :																
	Bilateral	0														
	Field Spt	0														
		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SO :																
	Bilateral	0														
	Field Spt	0														
		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Bilateral		500	0	0	0	0	0	0	0	0	0	0	0	0	700	800
Total Field Support		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL PROGRAM		500	0	0	0	0	0	0	0	0	0	0	0	0	700	800

FY 00 Request Agency Goal Totals	
Econ Growth	0
Democracy	500
HCD	0
PHN	0
Environment	0
Program ICASS	0
GCC (from all Goals)	0

FY 00 Account Distribution (DA only)	
Dev. Assist Program	
Dev. Assist ICASS	
Dev. Assist Total:	0
CSD Program	0
CSD ICASS	
CSD Total:	0

FY 2001 Budget Request by Program/Country

Program/Country: Mozambique

07-Apr-99
02:55 PM

Approp Acct: DA/CSD
Scenario

S.O. # , Title	Bilateral/ Field Spt	Total	Micro-Enterprise	Agri-culture	Other Economic Growth	Children's Basic Education (*)	Other HCD	Population	Child Survival (*)	Infectious Diseases (*)	HIV/AIDS (*)	Other Health	Environ	D/G	Est. S.O. Expendi-tures	Est. S.O. Pipeline End of FY 01	Future Cost (POST-2001)
		FY 2001 Request															
SO 1:	Increased Rural Household Income														Year of Final Oblig: 03		
	Bilateral	26,000		10,000	12,000								4,000		26,000	31,460	
	Field Spt	0															
		26,000	0	10,000	12,000	0	0	0	0	0	0	0	4,000	0	26,000	31,460	0
SO 2:	Government & Civil Society are Effective Partners in Democratic Governance														Year of Final Oblig: 03		
	Bilateral	3,000												3,000	2,800	3,000	
	Field Spt	0															
		3,000	0	0	0	0	0	0	0	0	0	0	0	3,000	2,800	3,000	0
SO 3:	Increased Use of Essential Maternal/Child Health and Family Planning Services														Year of Final Oblig: 03		
	Bilateral	18,200						6,100	6,100	1,500	3,500	1,000			16,000	24,500	
	Field Spt	0															
		18,200	0	0	0	0	0	6,100	6,100	1,500	3,500	1,000	0	0	16,000	24,500	0
SO 4:	Increased Private Sector Capacity for Environmentally Sound Investment														Year of Final Oblig: 03		
	Bilateral	5,000											5,000		4,600	4,700	
	Field Spt	0															
		5,000	0	0	0	0	0	0	0	0	0	0	5,000	0	4,600	4,700	0
SPO	Improved Enabling Environment for Private Sector-Led Growth and Development (1)														Year of Final Oblig: 03		
	Bilateral	0															
	Field Spt	0															
		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other	PD&S														Year of Final Oblig:		
	Bilateral	0															
	Field Spt	0															
		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SO :															Year of Final Oblig:		
	Bilateral	0															
	Field Spt	0															
		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SO :															Year of Final Oblig:		
	Bilateral	0															
	Field Spt	0															
		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Bilateral		52,200	0	10,000	12,000	0	0	6,100	6,100	1,500	3,500	1,000	9,000	3,000	49,400	63,660	0
Total Field Support		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL PROGRAM		52,200	0	10,000	12,000	0	0	6,100	6,100	1,500	3,500	1,000	9,000	3,000	49,400	63,660	0

FY 01 Request Agency Goal Totals	
Econ Growth	22,000
Democracy	3,000
HCD	0
PHN	18,200
Environment	9,000
Program ICASS	0
GCC (from all Goals)	0

FY 01 Account Distribution (DA only)	
Dev. Assist Program	40,100
Dev. Assist ICASS	
Dev. Assist Total:	40,100
CSD Program	12,100
CSD ICASS	
CSD Total:	12,100

(1) Onward financing of the SpO will depend on levels of FY 99 and 00 funding.

FY 2001 Budget Request by Program/Country

Program/Country: Mozambique

07-Apr-99
02:55 PM

Approp Acct: ESF
Scenario

O. # , Title	**Bilateral/ Field Spt**	**Total**	**Micro-Enterprise**	**Agri-culture**	**Other Economic Growth**	**Children's Basic Education (*)**	**Other HCD**	**Population**	**Child Survival (*)**	**Infectious Diseases (*)**	**HIV/AIDS (*)**	**Other Health**	**Environ**	**D/G**	**Est. S.O. Expendi-tures**	**Est. S.O. Pipeline End of FY 01**
			FY 2001 Request													
SO 1: Increased Rural Household Income																
	Bilateral	0														
	Field Spt	0														
		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SO 2: Government & Civil Society are Effective Partners in Democratic Governance																
	Bilateral	500													800	500
	Field Spt	0														
		500	0	0	0	0	0	0	0	0	0	0	0	0	800	500
SO 3: Increased Use of Essential Maternal/Child Health and Family Planning Services																
	Bilateral	0														
	Field Spt	0														
		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SO 4: Increased Private Sector Capacity for Environmentally Sound Investment																
	Bilateral	0														
	Field Spt	0														
		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SPO Improved Enabling Environment for Private Sector-Led Growth and Development																
	Bilateral	0														
	Field Spt	0														
		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other PD&S																
	Bilateral	0														
	Field Spt	0														
		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SO :																
	Bilateral	0														
	Field Spt	0														
		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SO :																
	Bilateral	0														
	Field Spt	0														
		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Bilateral		500	0	0	0	0	0	0	0	0	0	0	0	0	800	500
Total Field Support		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL PROGRAM		500	0	0	0	0	0	0	0	0	0	0	0	0	800	500

FY 01 Request Agency Goal Totals	
Econ Growth	0
Democracy	500
HCD	0
PHN	0
Environment	0
Program ICASS	0
GCC (from all Goals)	0

FY 01 Account Distribution (DA only)	
Dev. Assist Program	
Dev. Assist ICASS	
Dev. Assist Total:	0
CSD Program	0
CSD ICASS	
CSD Total:	0

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Workforce Tables

Org: USAID/Mozambique End of year On-Board **FY 1999 Estimate**	SO 1	SO 2	SO 3	SO 4	SO 5	SpO1	SpO2	Total SO/SpO Staff	Org. Mgmt.	Fin. Mgmt	Admin. Mgmt	Con-tract	Legal	All Other	Total Mgmt.	Total Staff
OE Funded: 1/																
U.S. Direct Hire	2	2	1	0		0		5	3	1	1	1		2	8	13
Other U.S. Citizens	0	0	0	0		0		0	0	1	1	0		0	2	2
FSN/TCN Direct Hire	0	0	0	0		0		0	0	0	0	0		0	0	0
Other FSN/TCN	1	1	1	0		0		3	4	14	48	4		4	74	77
Subtotal	3	3	2	0	0	0	0	8	7	16	50	5	0	6	84	92
Program Funded 1/																
U.S. Citizens	2	1	2	1		1		7	0	0	1	0		1	2	9
FSNs/TCNs	4	3	6	2		6		21	0	0	9	0		0	9	30
Subtotal	6	4	8	3	0	7	0	28	0	0	10	0	0	1	11	39
Total Direct Workforce	9	7	10	3	0	7	0	36	7	16	60	5	0	7	95	131
TAACS			1					1							0	1
Fellows								0							0	0
IDIs								0							0	0
Subtotal	0	0	1	0	0	0	0	1	0	0	0	0	0	0	0	1
TOTAL WORKFORCE	9	7	11	3	0	7	0	37	7	16	60	5	0	7	95	132

1/ Excludes TAACS, Fellows, and IDIs

Workforce Tables

|::

Org: USAID/Mozambique End of year On-Board	SO 1	SO 2	SO 3	SO 4	SO 5	SpO1	SpO2	Total SO/SpO Staff	Org. Mgmt.	Fin. Mgmt	Admin. Mgmt	Con-tract	Legal	All Other	Total Mgmt.	Total Staff
FY 2000 Target																
OE Funded: 1/																
U.S. Direct Hire	2	2	1	0		0		5	3	1	1	1		2	8	13
Other U.S. Citizens	0	0	0	0		0		0	0	1	2	0		0	3	3
FSN/TCN Direct Hire	0	0	0	0		0		0	0	0	0	0		0	0	0
Other FSN/TCN	1	1	1	0		0		3	4	15	48	4		4	75	78
Subtotal	3	3	2	0	0	0	0	8	7	17	51	5	0	6	86	94
Program Funded 1/																
U.S. Citizens	2	1	1	1		2		7	0	0	1	1		1	3	10
FSNs/TCNs	4	3	6	2		6		21	0	0	14	0		0	14	35
Subtotal	6	4	7	3	0	8	0	28	0	0	15	1	0	1	17	45
Total Direct Workforce	9	7	9	3	0	8	0	36	7	17	66	6	0	7	103	139
TAACS			1					1							0	1
Fellows								0							0	0
IDIs								0							0	0
Subtotal	0	0	1	0	0	0	0	1	0	0	0	0	0	0	0	1
TOTAL WORKFORCE	9	7	10	3	0	8	0	37	7	17	66	6	0	7	103	140
FY 2000 Request																
OE Funded: 1/																
U.S. Direct Hire	2	2	2	1		0		7	3	1	1	1		2	8	15
Other U.S. Citizens	0	0	0	0		0		0	0	1	2	0		0	3	3
FSN/TCN Direct Hire	0	0	0	0		0		0	0	0	0	0		0	0	0
Other FSN/TCN	1	1	1	0		0		3	4	15	48	4		4	75	78
Subtotal	3	3	3	1	0	0	0	10	7	17	51	5	0	6	86	96
Program Funded 1/																
U.S. Citizens	2	1	1	1		2		7	0	0	1	1		1	3	10
FSNs/TCNs	4	3	6	2		6		21	0	0	14	0		0	14	35
Subtotal	6	4	7	3	0	8	0	28	0	0	15	1	0	1	17	45
Total Direct Workforce	9	7	10	4	0	8	0	38	7	17	66	6	0	7	103	141
TAACS			1					1							0	1
Fellows								0							0	0
IDIs								0							0	0
Subtotal	0	0	1	0	0	0	0	1	0	0	0	0	0	0	0	1
TOTAL WORKFORCE	9	7	11	4	0	8	0	39	7	17	66	6	0	7	103	142

1/ Excludes TAACS, Fellows, and IDIs

Workforce Tables

Org: USAID/Mozambique End of year On-Board **FY 2001 Target**	SO 1	SO 2	SO 3	SO 4	SO 5	SpO1	SpO2	Total SO/SpO Staff	Org. Mgmt.	Fin. Mgmt	Admin. Mgmt	Con-tract	Legal	All Other	Total Mgmt.	Total Staff
OE Funded: 1/																
U.S. Direct Hire	2	2	2	1		0		7	3	1	1	1		2	8	15
Other U.S. Citizens	0	0	0	0		0		0	0	1	2	0		0	3	3
FSN/TCN Direct Hire	0	0	0	0		0		0	0	0	0	0		0	0	0
Other FSN/TCN	1	1	1	0		0		3	4	15	48	4		4	75	78
Subtotal	3	3	3	1	0	0	0	10	7	17	51	5	0	6	86	96
Program Funded 1/																
U.S. Citizens	1	1	1	1		2		6	0	0	1	0		1	2	8
FSNs/TCNs	4	3	6	2		6		21	0	0	14	0		0	14	35
Subtotal	5	4	7	3	0	8	0	27	0	0	15	0	0	1	16	43
Total Direct Workforce	8	7	10	4	0	8	0	37	7	17	66	5	0	7	102	139
TAACS			1					1							0	1
Fellows								0							0	0
IDIs								0							0	0
Subtotal	0	0	1	0	0	0	0	1	0	0	0	0	0	0	0	1
TOTAL WORKFORCE	8	7	11	4	0	8	0	38	7	17	66	5	0	7	102	140

FY 2001 Request																
OE Funded: 1/																
U.S. Direct Hire	2	2	2	1		0		7	3	1	1	1		2	8	15
Other U.S. Citizens	0	0	0	0		0		0	0	1	2	0		0	3	3
FSN/TCN Direct Hire	0	0	0	0		0		0	0	0	0	0		0	0	0
Other FSN/TCN	1	1	1	0		0		3	4	15	48	4		4	75	78
Subtotal	3	3	3	1	0	0	0	10	7	17	51	5	0	6	86	96
Program Funded 1/																
U.S. Citizens	1	1	1	1		2		6	0	0	1	0		1	2	8
FSNs/TCNs	4	3	6	2		6		21	0	0	14	0		0	14	35
Subtotal	5	4	7	3	0	8	0	27	0	0	15	0	0	1	16	43
Total Direct Workforce	8	7	10	4	0	8	0	37	7	17	66	5	0	7	102	139
TAACS			1					1							0	1
Fellows								0							0	0
IDIs								0							0	0
Subtotal	0	0	1	0	0	0	0	1	0	0	0	0	0	0	0	1
TOTAL WORKFORCE	8	7	11	4	0	8	0	38	7	17	66	5	0	7	102	140

1/ Excludes TAACS, Fellows, and IDIs

Workforce

MISSION : USAID/MOZAMBIQUE

USDH STAFFING REQUIREMENTS BY SKILL CODE

BACKSTOP (BS)	NO. OF USDH EMPLOYEES IN BACKSTOP FY 1999	NO. OF USDH EMPLOYEES IN BACKSTOP FY 2000	NO. OF USDH EMPLOYEES IN BACKSTOP FY 2001	NO. OF USDH EMPLOYEES IN BACKSTOP FY 2002
01 SMG	2	2	2	2
02 Program Officer	1	1	1	1
03 EXO	1	1	1	1
04 Controller	1	1	1	1
05/06/07 Secretary	0	0	0	0
10 Agriculture	1	1	1	1
11 Economics	0	0	0	0
12 GDO	0	0	0	0
12 Democracy	2	2	2	2
14 Rural Development	0	0	0	0
15 Food for Peace	1	1	1	1
21 Private Enterprise	0	0	0	0
25 Engineering	0	0	0	0
40 Environment	0	1	1	1
50 Health/Pop.	1	2	2	2
60 Education	0	0	0	0
75 Physical Sciences	0	0	0	0
85 Legal	0	0	0	0
92 Commodity Mgt	0	0	0	0
93 Contract Mgt	1	1	1	1
94 PDO	2	2	2	2
95 IDI	0	0	0	0
Other*	0	0	0	0
TOTAL	13	15	15	15

Operating Expenses

Org. Title:	USAID/Mozambique	Overseas Mission Budgets														
Org. No:	21656	FY 1999 Estimate			FY 2000 Target			FY 2000 Request			FY 2001 Target			FY 2001 Request		
OC		Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total
11.1	Personnel compensation, full-time permanent	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
11.1	Base Pay & pymt. for annual leave balances - FNDH	10.2	1	11.2	0	0	0	0	0	0	0	0	0	0	0	0
	Subtotal OC 11.1	10.2	1	11.2	0	0	0	0	0	0	0	0	0	0	0	0
11.3	Personnel comp. - other than full-time permanent	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
11.3	Base Pay & pymt. for annual leave balances - FNDH	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Subtotal OC 11.3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
11.5	Other personnel compensation	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
11.5	USDH	1.5	0	1.5	0	0	0	0	0	0	0	0	0	0	0	0
11.5	FNDH	0	0.5	0.5	0	0	0	0	0	0	0	0	0	0	0	0
	Subtotal OC 11.5	1.5	0.5	2	0	0	0	0	0	0	0	0	0	0	0	0
11.8	Special personal services payments	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
11.8	USPSC Salaries	80	0	80	130	0	130	130	0	130	115	0	115	115	0	115
11.8	FN PSC Salaries	1075	107.5	1182.5	1150	115	1265	1150	115	1265	1000	100	1100	1175	117.5	1292.5
11.8	IPA/Details-In/PASAs/RSSAs Salaries	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Subtotal OC 11.8	1155	107.5	1262.5	1280	115	1395	1280	115	1395	1115	100	1215	1290	117.5	1407.5
12.1	Personnel benefits	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
12.1	USDH benefits	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
12.1	Educational Allowances	175	0	175	225	0	225	225	0	225	225	0	225	250	0	250
12.1	Cost of Living Allowances	20	0	20	22	0	22	22	0	22	23	0	23	24	0	24
12.1	Home Service Transfer Allowances	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12.1	Quarters Allowances	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12.1	Other Misc. USDH Benefits	2.8	0	2.8	1.4	0	1.4	1.4	0	1.4	2.8	0	2.8	3.5	0	3.5
12.1	FNDH Benefits	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
12.1	** Payments to FSN Voluntary Separation Fund - FNDH	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12.1	Other FNDH Benefits	0	0.5	0.5	0	0	0	0	0	0	0	0	0	0	0	0
12.1	US PSC Benefits	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12.1	FN PSC Benefits	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
12.1	** Payments to the FSN Voluntary Separation Fund - FN PS	180	0	180	185	0	185	185	0	185	175	0	175	190	0	190
12.1	Other FN PSC Benefits	60	30	90	65	35	100	65	35	100	65	35	100	70	40	110
12.1	IPA/Detail-In/PASA/RSSA Benefits	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Subtotal OC 12.1	437.8	30.5	468.3	498.4	35	533.4	498.4	35	533.4	490.8	35	525.8	537.5	40	577.5
13.0	Benefits for former personnel	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
13.0	FNDH	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
13.0	Severance Payments for FNDH	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13.0	Other Benefits for Former Personnel - FNDH	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13.0	FN PSCs	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
13.0	Severance Payments for FN PSCs	10	1	11	12	1	13	12	1	13	11	16	27	11	1.1	12.1
13.0	Other Benefits for Former Personnel - FN PSCs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Subtotal OC 13.0	10	1	11	12	1	13	12	1	13	11	16	27	11	1.1	12.1
21.0	Travel and transportation of persons	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
21.0	Training Travel	60	0	60	50	0	50	70	0	70	0	0	0	80	0	80
21.0	Mandatory/Statutory Travel	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
21.0	Post Assignment Travel - to field	45	0	45	25	0	25	25	0	25	100	0	100	100	0	100
21.0	Assignment to Washington Travel	20	0	20	0	0	0	0	0	0	35	0	35	35	0	35
21.0	Home Leave Travel	72	0	72	20	0	20	20	0	20	55	0	55	60	0	60
21.0	R & R Travel	40	0	40	50	0	50	50	0	50	40	0	40	45	0	45
21.0	Education Travel	5	0	5	6	0	6	6	0	6	6	0	6	6	0	6

Operating Expenses

Org. Title:	USAID/Mozambique	Overseas Mission Budgets														
Org. No:	21656	FY 1999 Estimate			FY 2000 Target			FY 2000 Request			FY 2001 Target			FY 2001 Request		
OC		Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total
21.0	Evacuation Travel	27	0	27	0	2	2	8	2	10	0	3	3	9	3	12
21.0	Retirement Travel	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
21.0	Pre-Employment Invitational Travel	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
21.0	Other Mandatory/Statutory Travel	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
21.0	Operational Travel	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
21.0	Site Visits - Headquarters Personnel	10	0	10	0	0	0	0	0	0	0	0	0	0	0	0
21.0	Site Visits - Mission Personnel	44	36	80	25	40	65	45	40	85	25	50	75	50	50	100
21.0	Conferences/Seminars/Meetings/Retreats	16	4	20	20	5	25	20	5	25	22	6	28	22	6	28
21.0	Assessment Travel	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
21.0	Impact Evaluation Travel	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
21.0	Disaster Travel (to respond to specific disasters)	1	0	1	0	0	0	0	0	0	0	0	0	0	0	0
21.0	Recruitment Travel	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
21.0	Other Operational Travel	5	0	5	0	0	0	0	0	0	0	0	0	0	0	0
	Subtotal OC 21.0	345	40	385	196	47	243	244	47	291	283	59	342	407	59	466
22.0	Transportation of things	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
22.0	Post assignment freight	85	0	85	40	0	40	50	0	50	175	0	175	215	0	215
22.0	Home Leave Freight	50	0	50	35	0	35	35	0	35	60	0	60	70	0	70
22.0	Retirement Freight	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
22.0	Transportation/Freight for Office Furniture/Equip.	30	0	30	25	0	25	165	0	165	6.8	0	6.8	25	0	25
22.0	Transportation/Freight for Res. Furniture/Equip.	25	0	25	43	0	43	43	0	43	30	0	30	67	0	67
	Subtotal OC 22.0	190	0	190	143	0	143	293	0	293	271.8	0	271.8	377	0	377
23.2	Rental payments to others	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
23.2	Rental Payments to Others - Office Space	24	85	109	24	90	114	24	90	114	25	150	175	275	150	425
23.2	Rental Payments to Others - Warehouse Space	25	6	31	25	12	37	25	12	37	25	16	41	25	16	41
23.2	Rental Payments to Others - Residences	175	75	250	175	85	260	200	85	285	180	90	270	210	90	300
	Subtotal OC 23.2	224	166	390	224	187	411	249	187	436	230	256	486	510	256	766
23.3	Communications, utilities, and miscellaneous charges	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
23.3	Office Utilities	0	35	35	0	35	35	0	35	35	0	35	35	0	35	35
23.3	Residential Utilities	0	75	75	0	75	75	0	75	75	0	75	75	0	75	75
23.3	Telephone Costs	15	50	65	15	50	65	15	50	65	15	55	70	17	55	72
23.3	ADP Software Leases	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
23.3	ADP Hardware Lease	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
23.3	Commercial Time Sharing	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
23.3	Postal Fees (Other than APO Mail)	0.5	0.5	1	0.5	0.5	1	0.5	0.5	1	0.5	0.5	1	0.5	0.5	1
23.3	Other Mail Service Costs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
23.3	Courier Services	9.5	1.5	11	8	2	10	10	2	12	8	2	10	10	2	12
	Subtotal OC 23.3	25	162	187	23.5	162.5	186	25.5	162.5	188	23.5	167.5	191	27.5	167.5	195
24.0	Printing and Reproduction	1.5	0	1.5	1.5	0	1.5	1.5	0	1.5	0	0	0	1.5	0	1.5
	Subtotal OC 24.0	1.5	0	1.5	1.5	0	1.5	1.5	0	1.5	0	0	0	1.5	0	1.5
25.1	Advisory and assistance services	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.1	Studies, Analyses, & Evaluations	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25.1	Management & Professional Support Services	10	0	10	10	0	10	40	0	40	15	0	15	50	0	50
25.1	Engineering & Technical Services	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Subtotal OC 25.1	10	0	10	10	0	10	40	0	40	15	0	15	50	0	50
25.2	Other services	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.2	Office Security Guards	110	0	110	110	0	110	115	0	115	115	0	115	120	0	120
25.2	Residential Security Guard Services	89	0	89	95	0	95	95	0	95	100	0	100	100	0	100

Operating Expenses

Org. Title:	USAID/Mozambique	Overseas Mission Budgets														
Org. No:	21656	FY 1999 Estimate			FY 2000 Target			FY 2000 Request			FY 2001 Target			FY 2001 Request		
OC		Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total
25.2	Official Residential Expenses	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25.2	Representation Allowances	1	0	1	1.2	0	1.2	1.5	0	1.5	1.5	0	1.5	2	0	2
25.2	Non-Federal Audits	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25.2	Grievances/Investigations	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25.2	Insurance and Vehicle Registration Fees	5	5	10	5	5	10	5	5	10	6	6	12	6	6	12
25.2	Vehicle Rental	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25.2	Manpower Contracts	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25.2	Records Declassification & Other Records Services	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25.2	Recruiting activities	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25.2	Penalty Interest Payments	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25.2	Other Miscellaneous Services	70	75	145	70	75	145	70	75	145	70	80	150	75	80	155
25.2	Staff training contracts	30.5	0	30.5	35	0	35	35	0	35	35	0	35	35	0	35
25.2	ADP related contracts	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Subtotal OC 25.2	305.5	80	385.5	316.2	80	396.2	321.5	80	401.5	327.5	86	413.5	338	86	424
25.3	Purchase of goods and services from Government accounts	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.3	ICASS	134.4	0	134.4	134.4	0	134.4	134.4	0	134.4	134.4	0	134.4	134.4	0	134.4
25.3	All Other Services from Other Gov't. accounts	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Subtotal OC 25.3	134.4	0	134.4	134.4	0	134.4	134.4	0	134.4	134.4	0	134.4	134.4	0	134.4
25.4	Operation and maintenance of facilities	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.4	Office building Maintenance	10	40	50	10	40	50	10	40	50	15	50	65	15	50	65
25.4	Residential Building Maintenance	15	25	40	15	25	40	15	25	40	15	30	45	15	30	45
	Subtotal OC 25.4	25	65	90	25	65	90	25	65	90	30	80	110	30	80	110
25.7	Operation/maintenance of equipment & storage of goods	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.7	ADP and telephone operation and maintenance costs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25.7	Storage Services	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25.7	Office Furniture/Equip. Repair and Maintenance	0	1	1	5	1	6	5	1	6	6	1	7	6	1	7
25.7	Vehicle Repair and Maintenance	19	5	24	20	5	25	20	5	25	22	8	30	22	8	30
25.7	Residential Furniture/Equip. Repair and Maintenance	9	1	10	0	1	1	0	1	1	10	1	11	10	1	11
	Subtotal OC 25.7	28	7	35	25	7	32	25	7	32	38	10	48	38	10	48
25.8	Subsistance & spt. of persons (by contract or Gov't.)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Subtotal OC 25.8	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
26.0	Supplies and materials	110.5	75	185.5	100	75	175	300	75	375	105	80	185	120	80	200
	Subtotal OC 26.0	110.5	75	185.5	100	75	175	300	75	375	105	80	185	120	80	200
31.0	Equipment	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
31.0	Purchase of Residential Furniture/Equip.	64	0	64	107	0	107	107	0	107	110	0	110	167	0	167
31.0	Purchase of Office Furniture/Equip.	60	0	60	25	0	25	694	0	694	25	0	25	45	0	45
31.0	Purchase of Vehicles	20.6	8.5	29.1	54	0	54	54	0	54	0	10	10	25	10	35
31.0	Purchase of Printing/Graphics Equipment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
31.0	ADP Hardware purchases	42	0	42	30	0	30	52	0	52	0	0	0	35	0	35
31.0	ADP Software purchases	10	0	10	5	0	5	10	0	10	0	0	0	10	0	10
	Subtotal OC 31.0	196.6	8.5	205.1	221	0	221	917	0	917	135	10	145	282	10	292
32.0	Lands and structures	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
32.0	Purchase of Land & Buildings (& bldg. construction)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
32.0	Purchase of fixed equipment for buildings	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
32.0	Building Renovations/Alterations - Office	0	0	0	0	20	20	0	20	20	0	0	0	0	0	0

Operating Expenses

Org. Title: USAID/Mozambique	Overseas Mission Budgets														
Org. No: 21656	FY 1999 Estimate			FY 2000 Target			FY 2000 Request			FY 2001 Target			FY 2001 Request		
OC	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total
32.0 Building Renovations/Alterations - Residential	0	56	56	0	125	125	0	125	125	0	125	125	0	125	125
Subtotal OC 32.0	0	56	56	0	145	145	0	145	145	0	125	125	0	125	125
42.0 Claims and indemnities	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal OC 42.0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL BUDGET	3210	800	4010	3210	919.5	4129.5	4366.3	919.5	5285.8	3210	1024.5	4234.5	4153.9	1032.1	5186

Additional Mandatory Information

Dollars Used for Local Currency Purchases	0			0			0			0			0		
Exchange Rate Used in Computations	12020	11800		12050	11800		12050	11800		12100	12000		12100	12000	

** If data is shown on either of these lines, you MUST submit the form showing deposits to and withdrawals from the FSN Voluntary Separation Fund.

On that form, OE funded deposits must equal:	180	185	185	175	190

Organization: USAID/Mozambique

Foreign National Voluntary Separation Account									
	FY 1999			FY 2000			FY 2001		
Action	OE	Program	Total	OE	Program	Total	OE	Program	Total
Deposits	180.0	100.0	280.0	185.0	107.0	292.0	190.0	115.0	305.0
Withdrawals	10.0	0.0	10.0	12.0	0.0	12.0	11.0	0.0	11.0

Local Currency Trust Funds - Regular			
	FY 1999	FY 2000	FY 2001
Balance Start of Year	0.0	0.0	0.0
Obligations	800.0	919.5	1,032.1
Deposits	800.0	919.5	1,032.1
Balance End of Year	0.0	0.0	0.0
Exchange Rate	11,800.0	11,800.0	12,000.0

Local Currency Trust Funds - Real Property			
	FY 1999	FY 2000	FY 2001
Balance Start of Year	0.0	0.0	0.0
Obligations	0.0	0.0	0.0
Deposits	0.0	0.0	0.0
Balance End of Year	0.0	0.0	0.0
Exchange Rate	11,800.0	11,800.0	12,000.0

Accessing Global Bureau Services Through Field Support and Buy-Ins

Objective Name	Field Support and Buy-Ins: Activity Title & Number		Priority	Duration	Estimated Funding ($000)			
					FY 2000		FY 2001	
					Obligated by:		Obligated by:	
					Operating Unit	Global Bureau	Operating Unit	Global Bureau
SO3	MEASURE	936-3083	High	5		500		500
SO3	FPLM	936-3038	Medium-high	10		250		250
SO3	CONTRACEPTIVE PROCUREMENT	936-3018	Medium	10		800		800
SO3	TAACS	936-5970	Medium	5	175			
GRAND TOTAL...					175	1,550		1,550

SECURITY TABLE

Org. Title: USAID/MOZAMBIQUE	FY 1999			FY 2000 Request			FY 2001 Request		
Org. No: _______________									
OC	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total
Security doors and windows				174,000					
Delta barriers				30,000					
Mylar for windows	7,000			200,000					
Lock/Leave Security System				20,000					
Wireless Communications System	60,000								
SO1 Building Upgrade	20,000								
Subtotal	**87,000**			**424,000**					

Annex 1 -- USAID/Mozambique Environmental Review Status, Plans and Schedule

ASSISTANCE ACTIVITIES	FY 98 and previous	FY 99	Comments
SO1 Increased rural household income in focus areas			
SOAG, 656-0241 and 656-0246 (NPA), PACD FY 02	98 Cat Ex for RP designs; deferred determinations for new activities	Amend IEE to resolve deferrals; SO1- IEE to cover project and SOAG funds	RPs to include new plus same/similar activities to RAP, PSSP/TA, and PVO II projects
Rural Access Project , 656-0232, PACD FY 02	94 Neg Det; 95 PP road env screening/review process in use	Build DNEP env capacity; monitor induced impacts; continue screening/review	New RP replaces/incorporates RAP PP with mix of SOAG and RAP funds
PVO Support II Project, 656-0229, PACD FY 03	95 IEE amended 97; Neg Det with umbrella screening/review	For activities that carry over into new RPs, incorporate prior determinations when deferrals resolved	BEO status report needed for grants; Title II PVO activities also covered under BHR-mandated IEEs
P.L. 480 Title II DAPs, PACD FY 01	98 BHR-approved IEEs for 6 Cooperating Sponsors	PAA Env Status Reports and amended IEEs per BHR guidance	BHR IEEs obviate need for PVO Support II env screening/review process
Private Sector Support Technical Assistance Project, 656-0218, PACD FY 01	89 IEE amended 92 & 97; Cat Ex, Neg Det and Deferral of cashew pesticide trials; EMEMP not pursued	Complete pesticide report; resolve pesticide deferral within new SO1 IEE	Any continuing activities become part of new SO1 RPs
SO2 Government and civil society are effective partners in democratic governance at national and local levels			
Democratic Initiatives Project, 656-0227, PACD FY 01	91 Cat Ex amended 94 & 96; 97 IEE Neg Det screening/review for LEGA	Follow env screening/review procedures	BEO status report needed for community development
PARTIDO, 656-0245, PACD FY 01	98 Cat Ex for all activities	No action, unless new activities added	
SO3 Increased use of essential maternal and child health and family planning services in focus area			
SOAG, 656-0243, PACD FY 01	98 Cat Ex for RP designs; deferred determinations for new activities	Amend IEE to resolve deferrals; SOAG IEE to cover all activities	RPs to include new plus same/similar activities to PHCS project
Primary Health Care Support Project, 656-0226, PACD FY 99	91 IEE amended 97; Cat Ex and Neg Det for health post rehab	Monitor that no medical waste (not covered) created by activities	Any continued activities become part of new SO3 RPs
SpO Improved enabling environment for private sector-led growth and development			
SpOAG, 656-0244, PACD FY 01	98 Cat Ex for RP designs; deferred determinations for activities	Amend IEE to resolve deferrals	
SO4 Increased private sector capacity for environmentally sound investment			
SOAG, 656-0249, PACD FY 03 (proposed)	None	SO Results Framework submitted with R4; RPs designed; SO-level IEE prepared	

Note: All current activities are in compliance with approved IEEs. Deferrals will be resolved in FY 99 as information becomes available.

Annex 2
USAID/Mozambique Country Strategic Plan FY 1996 - FY 2001
Updated Results Framework

Goal: Broadened participation in political life and economic growth

Sub-Goal: Enhanced national food security
Strategic Objective 1: Increased rural household income in focus area
Intermediate Result 1.1: Increased access to markets
IR 1.1.1: Improved enabling environment for market activities
IR 1.1.2: Roads rehabilitated and maintained
IR 1.1.3: Expanded capacity to market and transport
IR 1.1.4: Market information and commodity trading system operational
IR 1.2: Rural enterprises expanded
IR 1.2.1: Improved enabling environment for micro- and small enterprise
IR 1.2.2: Strengthened access to rural financial services
IR 1.2.3: Rural groups operating as profitable enterprises
IR 1.2.4: Increased market-based adoption of improved technologies by rural enterprises
IR 1.3: Increased sustainable agricultural output
IR 1.3.1: Improved capacity of Ministry of Agriculture to perform core functions
IR 1.3.2: Improved land tenure security
IR 1.3.3: Increased adoption of sustainable agricultural technologies
IR 1.3.4: Improved functioning of agricultural input markets

Strategic Objective 2: Government and civil society are effective partners in democratic governance at national and local levels
IR 2.1: Increased citizen participation in governance at national and local levels
IR 2.1.1: Broadened and improved public discussion of key governance issues at national and local levels
IR 2.1.2: More sustainable electoral processes at national and local levels
IR 2.2: Key democratic institutions are more effective and accountable
IR 2.2.1: Capacity of civil society organizations is strengthened
IR 2.2.2: Capacity of National Assembly is strengthened
IR 2.2.3: Improved access to and functioning of selected judicial mechanisms
IR 2.2.4: Elected municipal governments are effective and accountable
IR 2.2.5: Political parties are effective and accountable

Sub-Goal: Improved health for women and children
Strategic Objective 3: Increased use of essential maternal and child health and family planning services in focus area
IR 3.1: Increased access to community-based services
IR 3.1.1: Increased supply of essential services to communities
IR 3.1.2: Improved human resource and skill development among health

care providers

IR 3.2: Increased demand for community-based services

IR 3.2.1: Improved knowledge and attitudes of mothers

IR 3.3: Strengthened policy and management of decentralized essential services

IR 3.3.1: Improved planning, availability, and use of data

IR 3.3.2: Improved personnel and supervisory systems

IR 3.3.3: Improved financial systems

Strategic Objective 4 (proposed): Increased private sector capacity for environmentally sound investment

IR 4.1: Increased private sector awareness and advocacy

IR 4.2: Improved institutional capacity to development and implement environmental policies and regulations

Special Objective: Improved enabling environment for private sector-led growth and development

SpO-IR 1: Increased private sector role in development of economic policy, legislation, and regulations

SpO-IR 1.1: Effective and informed private sector voice in policy formulation

SpO-IR 1.2: Stronger representative private business institutions

SpO-IR 1.3: Reliable commercial Internet services available

SpO-IR 2: Improved policies and facilities encourage trade and investment

SpO-IR 2.1: Petty bureaucratic requirements eliminated

SpO-IR 2.2: Business-friendly tax system implemented

SpO-IR 2.3: Major rail and port infrastructure privatized

SpO-IR 2.4: Alternative dispute resolution procedures operational

Annex 3

Mozambique: 1998 Macroeconomic Situation Update for the Use of NPA

Introduction and Summary

In August 1998, USAID/Mozambique submitted its "Macroeconomic Assessment to Determine the Appropriateness of Using Non-Project Assistance in Mozambique." This R4 annex updates that assessment, incorporating preliminary figures for the economic results of 1998. The data underlying this annex were provided by Mozambican authorities, but are preliminary and subject to revision as the Government of Mozambique (GRM) and the International Monetary Fund (IMF) review and update the data.[1]

Mozambique's economic growth has continued at a rapid pace, having achieved rates of 10.9 percent in constant price, local currency terms and 11.6 percent growth in dollar terms in 1998. Given Mozambique's population growth rate of 2.6 percent per annum, these figures translate to per capita GDP growth in the range of 8.3 percent to nine percent for 1998. For the period since the democratic transition, real GDP growth has averaged 8.2 percent, or 5.8 percent per capita, annually. At the same time, inflation has been reduced from over 50 percent in 1995 to between four percent and 5.5 percent in 1998. Economic growth has been led primarily by exports, but also complemented by a strong flow of investment. The fastest growing sectors in 1998 were Industry (7.4 percent), Transportation and Communications (12.3 percent), and Construction (9.9 percent).

Mozambique has continued its policy of maintaining a financially sound fiscal deficit. Excluding grants, the deficit declined from 18.8 percent of GDP to 17.8 percent of GDP. When grants are included, the deficit equaled six percent of GDP in 1998, compared to 5.5 percent of GDP in 1997. The financing of this deficit did not require an expansion of domestic bank credit to the government.

Results on the balance of payments display the most stress within the macroeconomic accounts in 1998. With the exception of the capital account where there was a small improvement from a surplus of 8.8 percent of GDP to 8.9 percent of GDP, all other major account balances went into deeper deficits in 1998 than in 1997. The principal reasons for these poorer balances, however, relate to the economy's strong growth, significantly increased levels of foreign direct investment, and a lowered dependence on official transfers. Nonetheless, due to significant debt relief, Mozambique was able to once again increase its foreign exchange reserves despite an overall deficit of $256 million (11.0 percent of GDP).

While on the surface the aggregate balances worsened, the extremely positive aspects of the 1998 balance of payments should not be overlooked, as these form the basis for continued strong and rapid growth:

[1] For consistency purposes, the data used in this annex are all taken from Mozambique's National Institute of Statistics (INE). As a result, there may be some discrepancies between the data reported here for 1997 and those included in the original Mission submission in FY1998.

a) Merchandise exports increased by 32 percent in dollar terms to 12.5 percent of GDP, while service exports increased by 4.3 percent to 15.3 percent of GDP. Thus, total exports grew by 15.2 percent, increasing from 26.9 percent of GDP to 27.8 percent of GDP;

b) Foreign Direct Investment increased by almost 120 percent to $141.3 million or six percent of GDP, with most of the pending "mega-projects" yet to begin;

c) Merchandise Imports increased by 29 percent and Service Imports increased by 14.4 percent due to the higher level of economic activity and the increased level of direct foreign investment;

d) Foreign exchange reserves increased by another $30 million; and

e) The exchange rate continued its relative stability with a slight nominal devaluation of 4.4 percent relative to the U.S. dollar.

In 1998, the flow of donor resources to Mozambique declined relative to GDP, with the country thus displaying a reduced dependence on such donor flows. In 1997, donor budgetary grants equaled 13.3 percent of GDP, which corresponded to over 41 percent of total budgetary revenues, over 35 percent of total budgetary expenditures, and over 66 percent of budgetary investment expenditures. In 1998, budgetary grants declined to 11.8 percent of GDP, corresponding to 38 percent of total budgetary revenues, 32 percent of total budgetary expenditures, and 63 percent of budgetary investment expenditures. Similarly, donor resources have taken on a reduced, although still significant, role in terms of the balance of payments. Donor balance of payments support (grants, net loans, and net debt relief) declined from 33 percent of GDP in 1997 to 30 percent of GDP in 1998. This represents a reduction to 58 percent of foreign exchange inflows in 1998, compared to 62.5 percent in 1997; 107.5 percent of total exports, compared to 122.4 percent in 1997; and 47.8 percent of total imports, compared to 58.6 percent in 1997.

Given Mozambique's low level of income and significant need, donor assistance will continue to be important, but the relative declines identified above are desirable since they represent an appropriate decrease in donor dependency. These declines are also acceptable given that they are accompanied by real growth in excess of ten percent and an otherwise stable macroeconomic situation.

In addition to its continued excellent economic management, the GRM entered into a compact with donors at the 1998 Consultative Group to promote and expand the use of sector approaches for development financing. The Ministry of Plan and Finance developed and distributed an excellent set of guidelines for the development and implementation of sectoral programs in 1998. These guidelines will help ensure a consistent approach to such programs and ensure the consistency of the programs with the government's efforts to introduce a Medium Term Expenditure Framework. A sector program budget unit within the Ministry of Plan and Finance has been established and staffed to ensure these management linkages take place.

The sector program for agriculture, PROAGRI, successfully passed its first joint donor assessment in October 1998. Efforts continue to develop coherent sector programs in health and education. One of the greatest "challenges" to the effective implementation of sector programs, however, is the current inability of most donors to provide direct budget support to the government. For example, within the PROAGRI program, only three donors (USAID, the European Union, and the World Bank) have approved providing budget support in any form. All other donors continue to provide project assistance, which is being viewed by the GRM as a failure to perform. Within the PROAGRI donor working group, work continues to find mechanisms to allow other donors to participate more effectively. Serious issues of donors' ability to comply with their own rhetoric, however, remain.

The bottom line conclusion of this analysis is that the basic macroeconomic assumptions underlying the Mission's Non-Project Assistance (NPA) programs have not changed; in fact, they appear to be improving. Furthermore, with the promulgation of coherent sector program implementation procedures, and the establishment of a budget unit to ensure common procedures across sectors, the GRM has established a management environment for USAID NPA programs that warrants program support. Thus, it is appropriate to continue the use of NPA as an operating modality in Mozambique.

Recent Economic Developments

Growth and Inflation

Economic performance in 1998 continues the outstanding trends reviewed in the Mission's August 1998 NPA submission (see Table 1). Real GDP growth reached 10.9 percent in meticais terms (1995 prices) and 11.6 percent in terms of current dollars. When combined with the previous performance since Mozambique's democratic transition (1994), real GDP growth has averaged 8.2 percent per annum, or an annual per capita real growth rate of 5.4 percent. At the same time that growth continues at high levels, inflation continues to decline, reaching a level between four percent and 5.5 percent, compared to a range of six percent to seven percent in 1997. The specific inflation figures depend on the price index used to calculate the inflation rate; however, in all cases there is a decline in the inflation rate, ranging from 0.7 percentage points for the GDP deflator to 2.4 percentage points for the Consumer Price Index for Maputo.

Unofficial revised inflation estimates indicate a 1998 December/December inflation rate of –1.3 percent for the Maputo Consumer Price Index (roughly one percent annual average rate) and 5.8 percent for the GDP deflator.

The combined engines of investment and exports have led Mozambique's economic growth in 1998, as well as for the post-transition period as a whole. Real investment in 1998 grew by 27.3 percent, raising the investment share of GDP from 54.5 percent in 1997 to 61.7 percent in 1998. Despite a 15.4 percent real growth in exports, the negative balance of net exports expanded from 21 percent of GDP in 1997 to 25.2 percent of GDP in 1998. For the post-transition period, the real rate of growth for investment and exports equaled 8.4 percent and 13.6 percent, respectively, compared to the GDP growth rate of 8.2 percent.

The most vibrant identifiable sectors in 1998 (see Table 2) have been Transport and Communications (12.3 percent real growth in value added) and Construction (9.9 percent real growth in value added). In addition, value added in "other" unidentified sectors grew at a rate of almost 52 percent in 1998. While this is a significant growth rate, it applies to only seven percent of GDP and is composed of a number of small and diverse activities that don't fit into other categories. Agricultural and industrial value added in 1998 grew at 4.6 percent and 7.4 percent, respectively.

From 1995 through 1998, the sectoral growth leaders in terms of total production were Industry (15.8 percent annually), Transportation and Communications (14.1 percent annually), and Construction (11.3 percent annually). For this same period agricultural production increased by 6.6 percent per annum, while services grew at 8.8 percent per annum.

Fiscal Performance

Mozambique has continued its policy of maintaining a financially sound fiscal deficit (see Table 3).[2] Some have even suggested that GRM fiscal management has been overly conservative. Excluding grants, the deficit declined from 18.8 percent of GDP to 17.8 percent of GDP between 1997 and 1998. When grants are included, the deficit equaled six percent of GDP in 1998, compared to 5.5 percent of GDP in 1997. The financing of this deficit did not require the expansion of domestic bank credit to the government. The source of this minor increase in the fiscal deficit can be traced to a decline in donor budgetary grants from 13.3 percent of GDP in 1997 to 11.8 percent of GDP in 1998. Changes in the non-grant portion of the budget were composed of the following, all relative to GDP:

(a) A 0.3 percentage point increase in tax revenues (to 19.3 percent of GDP);
(b) A 1.3 percentage point decrease in investment expenditures (to 18.8 percent of GDP); and
(c) A 0.6 percentage point increase in Current Expenditures (to 18.3 percent of GDP).

These adjustments continue to reflect Mozambique's approach of adjusting investment expenditures in response to variations in donor funding.

Balance of Payments

Mozambique continued to accumulate foreign exchange reserves (another $30 million) despite a decline in the overall balance of the balance of payments in 1998. On the capital account, there was a small improvement from 8.8 percent of GDP to 8.9 percent of GDP, but the overall balance worsened by over 200 percent, declining from a deficit of $80 million to a deficit of $256 million.

[2] Unofficial sources indicate that fiscal performance, especially on the revenue side, may be even better than indicated here.

While exports grew by 32 percent between 1997 and 1998, the merchandise trade deficit worsened, going from 25.7 percent of GDP to almost 30 percent of GDP. Strong economic growth and significant foreign direct investment ($141 million in 1998 compared to $64 million in 1997) generated a 29 percent growth (dollar terms) in imports. Likewise, the deficit on the service account worsened, rising to almost $120 million, or 5.1 percent of GDP. The decline in the service account was driven by a 14 percent increase in payments (primarily interest payments) compared to a four percent increase in receipts.

As a result of these developments, the current account deficit (excluding official transfers) worsened by almost 32 percent to over $808 million from $613 million in 1997. Official transfers also declined slightly from $355 million to $344 million (2.9 percent); as a result, the current account deficit (including official transfers) worsened by 79 percent between 1997 and 1998, reaching $464.3 million (19.9 percent of GDP).

The capital account recorded positive developments as a result of the 119 percent increase in Foreign Direct Investment from 3.1 percent of GDP in 1997 to six percent of GDP in 1998. This $77 million increase was partially offset, however, by a $53 million decline in net loan disbursements in 1998.

Despite these declines in the different aspects of the balance of payments, the overall situation should be viewed as positive. A surge in both merchandise and service imports, along with a decline in donor assistance (both grant and loan) were the principal sources of the declines. The surge in imports was due to a combination of three main factors. First, imports had declined in 1997; as a result, the surge in 1998 represents a "catch up" of the 1997 delays. Second, the surge in direct foreign investment is resulting in a major increase in imports of material and equipment. Unofficial estimates indicate that roughly $200 million of the $280 million increase in merchandise imports are attibutable to the South African aluminum smelter (Mozal) investment. Third, the strong growth of the economy would naturally imply an increase in imports for both consumption and investment. The decline in donor assistance is also healthy given Mozambique's historical dependence on donor assistance. Thus, the fundamental causes of the deterioration of the balance of payments also form the foundation for future economic growth.

Vulnerability of the Economy to External Shocks

The August 1998 NPA Assessment analyzed a number of potential external shocks which could have a serious impact on the Mozambican economy. This update will only examine the changes in one of these areas, the country's dependence on donor resources (see Table 5).

In 1998, the flow of donor resources to Mozambique declined relative to GDP, signifying a reduced dependence on donor flows. In 1997, donor budgetary grants equaled 13.3 percent of GDP, which corresponded to over 41 percent of total budgetary revenues, over 35 percent of total budgetary expenditures, and over 66 percent of budgetary investment expenditures. In 1998, budgetary grants declined to 11.8 percent of GDP, corresponding to 38 percent of total budgetary revenues, 32 percent of total budgetary expenditures, and 63 percent of budgetary investment expenditures. Similarly, donor resources have taken on a reduced, although still significant, role in terms of the balance of payments. Donor balance of payments support (grants, net loans, and net debt relief) declined from 33 percent of GDP in 1997 to 30 percent of GDP in 1998. This represents a reduction to 58 percent of foreign exchange inflows in 1998, compared to 62.5 percent in 1997; 107.5 percent of total exports, compared to 122.4 percent in 1997; and 47.8 percent of total imports, compared to 58.6 percent in 1997.

Even with the relative decline in donor support, the GRM has expanded its own investment in the key areas of human capacity development. The approved government budget for 1999, compared to 1998, showed a nominal increase in total expenditures of 9.7 percent, with recurrent expenditures expanding by 13.6 percent. Health expenditures, however, increased by 21 percent, while expenditures for education grew by 16.2 percent. Thus, the GRM's investment in the country's population continues to expand and lay a strong foundation for future growth and development.

While the donor commitment to Mozambique remains strong, it is important to monitor and ensure a declining reliance on such flows. Such a decline, especially when accompanied by real growth in excess of ten percent and an otherwise stable macroeconomic situation, is a strong indication of the future financial sustainability of today's donor investments.

Conclusion

What does the above mean? First, Mozambique continues to require assistance due to the extreme poverty that continues despite the outstanding growth performance since the democratic transition. For rural Mozambicans to reach the current levels of the average Zimbabwean, roughly another 33 years of ten percent real growth would be required. Second, the GRM's commitment to private sector led growth and economic restructuring continues unabated and on-track. Third, the most troubling aspect of Mozambique's development history, donor dependence, is being reduced through improved revenue performance and economic growth.

Finally, the GRM is "reengineering" its own approach to development through the use of sector programs. One of the key elements of this approach is the definition of an appropriate and reduced role for the public sector in development. This approach has been strengthened by the guidelines for sectoral programs developed by the Ministry of Plan and Finance. These guidelines form the basis for the four sector programs (agriculture, health, education and water) currently in different stages of development.

In short, Mozambique represents an ideal environment for the use of Non-Project Assistance.

TABLE 1: GROSS DOMESTIC PRODUCT		
Item	**1997**	**1998**
Mt Billions, Current Prices		
Consumption	16,067	17,926
Private	*12,774*	*13,854*
Public	*3,293*	*4,072*
Investment	13,170	17,430
Net Exports	-5,054	-7,128
Exports	*5,769*	*7,056*
Imports	*10,823*	*14,184*
GDP	24,183	28,228
GDP (US$ Millions)	$ 2,094	$ 2,337
Real Growth Rates		
Consumption	7.3%	4.7%
Private	*3.3%*	*3.4%*
Public	*27.0%*	*10.0%*
Investment	13.3%	27.3%
Exports	3.3%	15.4%
Imports	-2.5%	24.9%
GDP	14.2%	10.9%
Deflators:	*Percentage Change*	
Consumption	7.0%	4.9%
GDP	6.1%	5.4%
Consumer Price Index (Maputo)	6.4%	4.0%
Exports	3.2%	6.0%
Imports	2.9%	5.0%
Share of GDP		
Consumption	66.4%	63.5%
Investment	54.5%	61.7%
Net Exports	-20.9%	-25.2%

TABLE 2: VALUE ADDED BY SECTOR		
Item	**1997**	**1998**
Mt Billion, Constant 1995 Prices		
Agriculture	4,477	4,685
Industry	2,672	2,869
Construction	1,266	1,392
Transport & Communications	1,783	2,003
Services	4,958	5,372
Other	1,190	1,807
GDP	16,346	18,127
Shares of GDP		
Agriculture	27.4%	25.8%
Industry	16.3%	15.8%
Construction	7.7%	7.7%
Transport & Communications	10.9%	11.1%
Services	30.3%	29.6%
Other	7.3%	10.0%
GDP	100.0%	100.0%
Real Growth Rates		
Agriculture	6.2%	4.6%
Industry	28.5%	7.4%
Construction	16.0%	9.9%
Transport & Communications	22.6%	12.3%
Services	8.2%	8.3%
Other	34.4%	51.9%
GDP	14.2%	10.9%

TABLE 3: SELECTED FISCAL DATA		
Item	**1997**	**1998**
As a Percentage of GDP		
Total Revenues & Grants	**32.3%**	**31.1%**
Current Revenue	19.0%	19.3%
Tax Revenue	*17.5%*	*17.8%*
Other Revenue	*1.5%*	*1.5%*
Grants	13.3%	11.8%
Total Expenditures	**37.8%**	**37.1%**
Current Expenditures	17.7%	18.2%
Debt Service	*3.9%*	*4.1%*
Other Current Expenditures	*13.8%*	*14.1%*
Investment Expenditures	20.1%	18.8%
Other Expenditures	0.0%	0.1%
Deficit:		
Excluding Grants	18.8%	17.8%
Including Grants	5.5%	6.0%
Domestic Bank Financing	-2.3%	0.0%

Table 4: Selected Balance of Payments Indicators (based on U.S. Dollar Figures)		
Item	1997	1998
As a Percentage of GDP		
Trade Balance	-25.7%	-29.5%
Exports	*10.6%*	*12.5%*
Imports	*36.3%*	*42.0%*
Services Balance	-3.6%	-5.1%
Receipts	*16.3%*	*15.3%*
Payments	*19.9%*	*20.4%*
Official Transfers (Grants)	16.9%	14.7%
Current Account Balance:		
Excluding Official Transfers	*-29.3%*	*-34.6%*
Including Official Transfers	*-12.4%*	*-19.9%*
Capital Account Balance	8.8%	8.9%
Loans (net)	5.7%	2.9%
Direct Foreign Investment	3.1%	6.0%
Errors & Omissions	-0.3%	0.0%
Overall Balance	-3.8%	-11.0%
Financing		
Change in Reserves (-=increase)	-6.4%	-1.3%
Change in Arrears	-187.8%	-26.5%
Debt Relief	198.1%	38.8%
Memorandum Items:		
Average Exchange Rate (Mt/US$)	11,550	12,080
Percent Devaluation	2.1%	4.4%
Debt Service Due (US$ millions)	338.6	446.0
Percent of Total Exports	60.1%	68.7%
Debt Service Paid (US$ millions)	123.8	159.8
Percent of Total Exports	22.0%	24.6%

TABLE 5: INDICATORS OF DONOR DEPENDENCE		
Item	1997	1998
Donor Resource Flows (% of GDP):		
Budgetary Grants	13.3%	11.8%
Balance of Payments (net):	32.9%	29.8%
Grants	*16.9%*	*14.7%*
Loans (net)	*5.7%*	*2.9%*
Debt Relief	*198.1%*	*38.8%*
Of which Arrears	*187.8%*	*26.5%*
Donor Share of:		
Budgetary Revenues	41.2%	37.9%
Total Budget Expenditures	35.2%	31.8%
Budgetary Investment Expend.	66.2%	62.8%
Foreign Exchange Inflows	62.5%	58.0%
Exports	122.4%	107.5%
Imports	58.6%	47.8%

Annex 4

Mozambique: Democracy Update

I. Overview: Democracy in Mozambique further strengthened during 1998. The National Assembly took the lead in amending the country s Constitution through an open process of national debate. Civil society contributed to democratic improvements: widening independent media outlets, engaging government and the Assembly in policy and legislative debate, and expanding the number of capable non-governmental organizations (NGOs). In an important step towards greater decentralization and devolution of power, the country elected 33 municipal assemblies. The link between democratic improvements and Mozambique's sustained economic growth rates is reflected in higher savings and investment rates, which can only be achieved in environments of relative political stability, openness, and transparency. It is without a doubt that Mozambique's political climate has attracted higher levels of foreign and domestic investment which have contributed to 1998's impressive economic performance. Mozambique continues to set a high standard for formerly war-torn societies in Africa and beyond.

II. Key Democratic Events in 1998: A dominant political feature of 1998 was the local elections conducted, after a series of delays, on June 30 in 33 sites across Mozambique. The updating of voter registration rolls developed in 1994 for the first general election was postponed from August until November 1997, with an electoral date established some six months later. (See the FY 97 Democracy Update for information on the political process leading up to voter registration.) From a technical perspective the results of the updating were impressive: about 7,000,000 citizens, over 95 per cent of the total electorate, were registered at its conclusion.

Despite the large number of voters registered, it came to light that the government s Technical Secretariat for Electoral Administration (STAE) had misplaced voter registers from 1994. Although the missing registers were from different locations around the country, including strongholds of both the ruling party and the opposition, the latter raised the issue to accuse the government of malfeasance. The missing data ultimately contributed to Renamo boycotting meetings of the National Electoral Commission (CNE) beginning in April. Caving in to opposition pressure, the STAE undertook a specially designed process to reconstitute the missing registers. By election day, 98 percent of the potential electorate were included in the voter register. The International Foundation for Elections Support, which worked closely on the registration process, concluded in early 1998 that even if the missing registers were not reconstituted, the number of potential "lost voters" would be insignificant to a fair election.

Still, Renamo urged a boycott of the elections. Other plausible explanations for the boycott were that Renamo wasn't ready to run or capable of governing, and did not want to embarrass itself less than 18 months before the planned general elections. By election day, all of the smaller opposition political parties had joined the boycott for a variety of reasons.

A newly emerged independent political movement, however, did not join the boycott. This movement, divided into three different groups, succeeded in getting 14 Assembly President candidates on ballots in nine of the 33 electoral sites. The emerency and strength of this movement was arguably the most significant thing about the local elections, and perhaps the most important democratic development during the year.

In the end, voting occurred on June 30th, with just 15 per cent of registered voters participating. Surprisingly, the low turnout was not linked with the opposition boycott, since relatively high turnout occurred in Renamo areas, while low turnout took place in Frelimo areas, including sites such as Maputo in the south of the country. Various reasons for the disappointing showing at the polls have been offered. Many said potential voters did not understand why they were voting, and that more civic and voter education was necessary. Some believe that many potential voters consciously abstained to send a message to political leaders. To be sure, the message from the local elections is mixed: part apathy, part misunderstanding of decentralization, part dissatisfaction with the quality of life in these 33 areas.

The second key democratic event in 1998 was the beginning of the process to amend the constitution. The constitution was rewritten in 1990, setting the stage for the multiparty democratic system established with the 1994 general elections. The multiparty legislature elected in 1994 had early on established a bipartisan ad-hoc committee to oversee the process of amending the constitution, but the committee had languished. Not long after the local elections, however, the ad-hoc commission suddenly came out of hibernation, announcing that the constitutional revision process was alive. The commission was to draft proposed revisions, which would then be subject to public discussions in all of Mozambique s 10 provinces.

The commission completed its proposals in September 1998, and the national public debate began in October. Some of the proposals are far reaching. For example, the proposed amendments, supported by both Frelimo and Renamo members of the commission, would: reduce the power of the President, and increase the power of the Prime Minister; create a new Executive Branch consultative organ which would include the leader of the primary opposition party; and increase the power of the Legislative Branch relative to the Executive. Other proposed amendments to the Constitution would allow fee-simple ownership of land by citizens, and some acknowledgement of traditional authorities. The latter changes were proposed by Renamo members on the commission, although private ownership of land is beginning to be discussed in Frelimo circles as well. At this time, the public discussion of the amendment proposals is continuing at district levels throughout the country.

A final historic event which occurred in 1998 is extremely important for the development of a democracy in Mozambique in which political power is balanced and governance is a transparent and shared responsibility. For the first time the multi-party National Assembly drafted and enacted national legislation which involved, and indeed sought, public participation in the process. The Assembly conducted a public hearing over three days in Maputo, followed by similar events in five other locations around the country on draft legislation concerned with youth problems. In Maputo alone over 250 individuals attended, including representatives of 115 different non-governmental organizations. Another commendable feature of the process was its bipartisan nature. For the 1999 legislative calendar, over 50 percent of the legislation scheduled for debate has been drafted by the Assembly itself, including the Constitution.

III. Civil Society: Civil society continued to strengthen in 1998. The number of NGOs continues to grow, although the vast majority remains weak. One encouraging sign, however, is that the private sector is beginning to support such organizations. For example, a newly forming non-profit think tank -- the first in Mozambique outside of academia -- has gained corporate support for much of its core operating costs. The independent press further expanded in 1998 with the addition of several new fax newsheets operating out of provincial towns, significantly extending independent journalism and a civil society perspective beyond Maputo. By the end of the year, all of the independent fax newsheets and newspapers were available by e-mail -- facilitated under the Leland Initiative -- which further enhances dissemination of news. The number of independent radio stations again increased in 1998. Issues which were at the top of organized labor s agenda in 1998 include the trade liberalization, privatization, cashew nut export policy, the minimum wage, and particularly the new labor law.

IV. Political Parties and Movements: At the end of the year there were about 22 registered political parties and at least seven independent political movements in Mozambique. As discussed above, much political party activity during 1998 revolved around the local elections.

The Democratic Union (UD), a three-party coalition which gained nine parliamentary seats in 1994, was wracked by internal power struggles. The head of the UD bench within the National Assembly was expelled at mid-year from his own party. In spite of this, the UD will likely field a presidential candidate as well as a parliamentary slate in 1999. The Frelimo party was the only political group to conduct a party convention in 1998, at which new members of the central committee were selected. While the party's top leadership retained their positions, there were indications that rifts within the party continue to exist. The party's presidential candidate has not been officially named, but all indications are that it will be the incumbent, President Joaquim Chissano. The primary opposition party, Renamo, continued over the year to be dominated by its President, Alfonso Dhlakama. Although the Renamo bench in the Assembly wields some degree of independent influence, the party is largely a one man show. Over the course of the year, Dhlakama took significant steps to shake up the central level of the party, in particular by replacing the Secretary General. The individual replaced was a hold-over from the civil war period, while the new Secretary General was pulled from Renamo’s Assembly members. Not only did this choice strengthen ties between the party and its elected members within the legislature, but it brought a more seasoned and vigorous politician into a key organizational position.

Both major parties continue to suffer from organizational problems, lack of coherent political platforms, and poor communication links with provincial party officials and rank-and-file supporters. While Frelimo is clearly in better shape than Renamo in these areas, it is interesting to note that both parties have identified nearly identical priority areas to be addressed under an institutional capacity building activity started in 1998. This program is providing technical assistance and training to these parties, the UD coalition and independent movements.

As mentioned earlier, one of the notable democratic developments in 1998 was the rise of independent political movements in conjunction with the country s first local elections. This development was made possible by a clause in the electoral law which permitted groups of citizens to nominate candidates not only for mayoral positions, but municipal assembly seats as well. This was a departure from the general elections in 1994, which did not allow independent candidates for the National Assembly. In response to this opening, independent movements emerged with basically three types of supporters and candidates: (i) disaffected Frelimo intellectuals; (ii) card-carrying members of both Frelimo and Renamo interested in creating a third force in local politics; and (iii) non-party-affiliated citizens rallying around local community leaders. All three types of movements share some characteristics, and differ in others. They all provide an alternate means for people to engage in political life and governance, at least at the local level. Many citizens feel estranged from established political parties, which are viewed as remote, and these movements are "closer to home." Unlike the other political parties, the independent movements are built on new ideas, not personalities. Without a past rooted in either the independence struggle or the civil war, they carry neither "old baggage" nor experience.

Another interpretation of the rise of the independents is that they are based on fractures in the ranks of Frelimo and Renamo. Political analysts have discussed the possibility of a split within Frelimo between the old socialist guard and a newer generation comprised of a mix of capitalists, academics, technocrats, and liberal democrats. Many if not all of JPC s (one of the independent groups) platform planks correspond closely to the policies of Frelimo's new generation. Indications are that such a third force would be attractive to intellectuals and business people from the Renamo ranks as well.

V. The National Assembly: The National Assembly has continued its role as both a counterweight to the Executive Branch and a forum where political and policy disagreements are aired. Mozambique is a mixed system with a Parliament, a Prime Minister (who is head of government but not the head of the majority party in parliament), and a President. Under these circumstances, we would expect to see a unique parliamentary structure evolve. Between 1995 and 1998 the Assembly introduced and passed three bills of national significance: the first establishing a legal framework for combating narcotics trafficking; the second setting out procedures for constitutional amendments; and the third legislation which restricts the access of minors to nightclubs and other after-hour establishments. Fully 50 per cent of the 1999 legislative agenda involves actions initiated by the Assembly. In a recent example, the Frelimo bench introduced legislation concerning the cashew nut sector which would largely overturn the existing government policy removing export taxes on raw cashews, adopted at the urging of the World Bank. Whether the law will be adopted as proposed is an open question, but what appears certain through the legislative process -- involving public hearings -- is that the issue will be debated much more widely and openly than was the case when the policy was first adopted.

Equally important, the Assembly routinely amends (and improves) bills introduced by the Executive. Such amendments modify the intent of the legislation, and/or improve its transparency or clarity. This was illustrated at the end of 1998 during consideration of the new electoral law. Renamo submitted a proposed law in September, and not long afterward the Government submitted its own version to the Assembly for consideration. Both proposals addressed most all of the concerns Renamo had with the local elections law. The leadership of the Frelimo and Renamo benches agreed to constitute a special bipartisan committee to "harmonize" the two proposals. The resulting legislation was adopted by unanimous consent -- one of the first times for such a vote in the multi-party Assembly's history.

VI. The Judicial Sector: The court system in Mozambique is comprised of a high (Supreme) court, provincial- and district-level courts. The President of the Republic names the Chief

Justice and Vice President of the Supreme Court with the concurrence of the National Assembly. Although required by the 1990 constitution, a "constitutional council" has never been created, and the Supreme Court serves as the arbiter of constitutionality. The capital of Maputo has its own court system. While it is the most modern, it falls short of any court system in a developed country. There is also a system of "community courts," presided over by lay judges. In terms of law, the Supreme Court has jurisdiction over the national court systems, while the Ministry of Justice is responsible for some acts of their administration. These dual institutional relationships have exacerbated the courts' weak conditions.

Courts are affected most by their inefficiency, lack of legal knowledge and, at times, corruption. Given slow case processing times and the ease of bribing court officials to affect case outcomes, use of the court system is avoided by most businesses and individuals. Even so, there is a large case backlog in nearly every court.

USAID's justice program focuses very narrowly on specific procedural reforms. For example, work during 1998 involving the development of a computer-based case tracking system has been limited to the Maputo court system. A Mozambican group consisting of legislators and attorneys also has produced a revised code of civil procedures, designed to expedite civil court cases. At the same time, the Mission has been supporting the development of arbitration as an optional means of resolving disputes. The enabling legislation, which is on the parliamentary agenda for the first 1999 session, focuses on commercial arbitration, but is broad enough to cover use of the technique in other types of disputes, e.g. labor and land.

VII. The Executive Branch: The Executive branch in Mozambique (the "government") is comprised of eighteen line ministries, as well as three Ministerial posts in the Presidency associated with parliamentary affairs, internal security, and economics affairs. The Attorney General is independently appointed by the President of the Republic. The Prime Minister chairs a weekly meeting of the Council of Ministers, the executive decision making body. There are a number of government parastatals providing public services which are accountable to the Executive. Most all previously government-owned industrial concerns have been privatized, as have a limited number of public utility providers such as the Maputo water provision service.

Historically, low salary levels of government bureaucrats and members of the police force are thought to contribute to the practice of bribery. Such petty corruption, which is also fostered by uncertain regulatory procedures and bureaucratic redtape, is reportedly quite common. In practical terms, there is currently little recourse for the average citizen, although a proposed constitutional amendment would create a public ombudsman office which would accept and act upon citizen denunciations. The extent of high-level corruption in Mozambique is open to debate but it is of high concern to the President, the Prime Minister, the Council of Ministers, and the Parliament. Last year Maputo hosted a continent-wide meeting of the Global Coalition for Africa (GCA), at which corruption was a central theme. President Chissano, on behalf of the Government, has responded positively to the idea of a government initiative in this area, and a high-level GCA delegation traveled to Mozambique in March 1999 to hold discussions about next steps. Transparency International (TI) is active in Mozambique, and may help set up a chapter under the leadership of interested citizens.

Approximately 95,000 civil servants are employed nationwide, with the majority in provincial-level ministerial offices; 65,000 work in the health and education sectors. The size of the Executive bureaucracy relative to the overall work force is considered low. As part of the public sector reform program, the government has completed a salary restructuring program discussed during the 1997 Consultative Group meetings. This consists of a series of decompressions of the wage structure and substantive wage increases for mid- to high-level technical employees. The first decompression took place on April 1, 1998, and another is scheduled for April 1, 1999. The impact of these wage actions is to provide higher salaries to higher educated and better trained public servants in order to retain them in the civil service and reduce likelihood of bribery and corruption. The Executive also developed, with the encouragement and support of a number of donors, a broader public sector reform program which focuses on establishing and streamlining public institutions around a reduced set of functional priorities.

VIII. Human Rights: The human rights situation is well covered in the most recent annual State Department Human Rights Report, publically released in late February, and is only summarized here. The Report states that the human rights situation in Mozambique continues to improve, while noting as in past years human rights abuses committed by the police forces, primarily against suspected criminals. The report notes, however, that due to the work of the country's two human rights NGOs, and the independent media, such abuse is much more frequently spotlighted and therefore on the decline. A police training program supported by Spain and the Netherlands which covers human rights issues may well also share responsibility for this nascent trend. Deplorable prison conditions also continue to be cited in the Report, as does domestic abuse directed at women.

IX. Conclusion: Despite the many challenges that remain, Mozambique's political and democratic transformation over the past five years is truly remarkable, and 1998 was no exception. The country has advanced from a war-torn society to a model of post-conflict reconciliation and political development. The fruits of this transformation are peace, stability and low corruption, arguably the most important prerequisites for investment, economic growth and sustainable development anywhere. The country's high levels of foreign investment, increasing domestic economic activity, and resulting accelerating annual growth rates are all attributable, in significant part, to the present political climate. The rise of Mozambique's population out of dire poverty in the years to come will depend in great part on how successful today's efforts are in consolidating the nation's democratic beginnings.

The odds look good for success. The country is free from the tribal, ethnic and racial animosities that undermine stability in many nations, and indeed Mozambique's current leadership holds strongly pluralistic views. The military has neither a history of interfering in civilian politics, nor means to do so. There is a commitment to democratic principles of governance, including a strong belief in a multiparty political system. Civil society is growing, and increasingly becoming an effective partner in the nation's governance. All in all, the conditions are present for Mozambique to become a truly liberal democratic state within the present generation.

Annex 5
Cross-Cutting Themes: Sector Programs and Local Capacity Development

An important outcome of the September 1998 Consultative Group on Mozambique was donor agreement to more directly support Government of Mozambique priorities through sector investment programs. This decision acknowledged the sustained, positive GRM fiscal management and commitment to democratic reform, sustained economic performance, and the unequivocal priority the government places on local capacity development. As well, it underscores donor confidence in the GRM's leadership abilities. As a demonstration of its commitment to this process, the Ministry of Plan and Finance in late 1998 distributed its own guidelines for the development and implementation of sectoral programs to ensure the consistency of the programs and budget reporting under the government's Medium Term Expenditure Framework.

The pilot for this initiative is the GRM's sectoral investment program ProAgri, through which donors and government will finance the strengthening of the Ministry of Agriculture to effectively carry out its role in supporting private sector-led agricultural development. Sector-wide assistance programs are also being developed or managed in the roads, health and education sectors. ProAgri successfully passed its first joint assessment in October, paving the way for program disbursements. However, a challenge to this and other sector programs will be donor financial flexibility to provide direct budget support. Currently, only USAID, the European Union and the World Bank will disburse directly to ProAgri, while other donor partners will provide project assistance.

In its R4 for FY 2000, the Mission detailed its commitment to local capacity development -- in the public, private and non-governmental sectors -- as a cross-cutting theme in all its programs. The consequences of this decision at the activity level will be an increasing financial investment in long- and short-term formal training, while at the strategic level the Mission is adopting new performance benchmarks for effective Mozambicanization.

The Mission's 30 international partners played an indispensable role in delivering essential services during the war and the period of democratic transition. As the primary form of program implementation, these organizations received 78% of USAID's program resources as late as FY 97. However, with five successive years of growth and social progress in Mozambique, the Mission's program approaches and resource allocations have required refocusing activities to expand local capacity. Inherent in this approach is implementation through Mozambican institutions where possible. To ensure that the broader donor community adheres to this principle, the GRM in February 1999 required all international NGOs to update their registration to operate in Mozambique, a move which is expected to limit the range of international NGO activities and expand opportunities for local institutions.

Within the framework of its approved strategy, USAID and the GRM in 1998 entered into three Strategic Objective Agreements (SOAGs) which formalize GRM participation in SOAG and Results Package design and management. The SOAG for SO1 includes an initial $5 million tranche of NPA resources for ProAgri, though the Mission anticipates increasing this contribution to $22 million through FY 00. Another $15 million is planned as budget support under the Special Objective. All three agreements include discrete funding for long- and short-term formal training.

SOAG activities will be implemented by a broader range of partners, including Mozambican firms and NGOs. USAID will undertake an outreach program to ensure that local groups are aware of the opportunities and the financial and grant management requirements. All new program funds will be obligated under these agreements, and prior year pipeline is being managed through six-monthly portfolio financial reviews intended to identify and eliminate implementation problems in order to accelerate expenditures under old PVO grants.

USAID has high expectations of its PVO partners in this process, and is depending on their proven expertise in building local capacity. Under ProAgri, the international NGO community will need to coordinate closely to ensure a rationalization of extension service coverage, training of extensionists and establishment of acceptable research and extension program objectives. To monitor progress towards these ends, and eventual sustainability, USAID required the PVO partners in November 1998 to report on local capacity development indicators, progress in aligning their programs with those of the GRM, and targets for eventual withdrawal. This is expected to lead initially to a reduction of expatriate personnel and in some cases to the establishment of affiliated local NGOs to continue grassroots development work. To ensure that reporting requirements are not compounded, USAID has asked its partners to update sustainability performance in regular program performance reports.

USAID's international partners have also played a critical role in providing health services in the absence of government infrastructure and professional staff. Significant progress has been made in rebuilding rural health centers, providing essential primary health care, and promoting community-based care. With this rudimentary service delivery system in place, the donor community is coordinating closely with the Ministry of Health in a program of sector-wide approaches that will build its technical capacity, as well as management systems to administer institutional and outreach programs. USAID has responded by providing technical assistance for health sector financing, and an analysis of MOH capacity which indicates significant limitations to provide primary health care, at least for the next several years. This has led to a more open policy towards private voluntary and for-profit health care systems. USAID, under its new SOAG for SO3, has established a discrete program financing vehicle for formal long- and short-term training, in order to close the gap in MOH and alternative health care capacity.

Annex 6

Strategic Objective 4: New Program Description

DRAFT

ACTION MEMORANDUM FOR THE ASSISTANT ADMINISTRATOR FOR AFRICA

FROM:

SUBJECT: Approval of USAID/Mozambique s Strategic Objective 4: Private Initiatives to Protect the Environment

Problem: Your approval is requested for USAID/Mozambique s Strategic Objective 4 (SO4), Increased private sector capacity for environmentally sound investment. The approval of this SO modifies the USAID/Mozambique Country Strategic Plan and Management Contract, which were approved in July 1995 (95 STATE 171211).

Background and Discussion: A stable investment climate that is open to trade, competitive, and attractive to investors is essential but not sufficient for sustained economic growth. Sustainable growth requires that environmental pollution and the destruction of non-renewable natural resources be addressed on behalf of the general public and future generations. To accomplish this in Mozambique, appropriate and effective public laws, standards and regulations must be established and the capacity of public institutions strengthened. But without the active support and involvement of the private sector, these elements are insufficient to address environmental concerns. For these to succeed, the private sector must play an expanded role in partnership with the public sector in determining environmental policy, including legislation and regulation. Active participation and leadership by the business community in a substantive dialogue with the public sector is essential to successful environment protection and natural resource conservation.

SO4 is based on the development hypothesis that an environmentally sensitive and knowledgeable leadership in the private sector will have positive influences on future environmental policy and on the environmental quality of investments; that government access to environmental expertise in the private sector will expand demand for that expertise and improve the public sector s capacity to make informed decisions based on independent environmental analysis; and finally that access to accurate information regarding environmental pollution, resource conservation and the financial feasibility of potential environmental enterprises will result in positive environmental impacts from future investments.

SO4 will increase the awareness and advocacy of private business associations and organizations with an expressed interest in the environment by improving their access to technical information and their outreach capacity to address environmental management concerns. Through these organizations, investments will be promoted in industrial, commercial and tourism development in order to help improve, conserve and manage the environment. SO4 also will provide the means for public sector environmental institutions, including local governments, to contract with qualified firms and individuals to provide independent technical reviews and analyses of proposed policies, laws, regulations, investment plans and environmental impact assessments. This activity will strengthen the technical capacity of public institutions and also generate demand for increased technical services from the private sector.

SO4 was proposed by the Mission in the March 1998 FY 2000 Results Report and Resource Request, based on earlier analysis of critical unmet environment and natural resource needs in Mozambique. USAID/Washington concurred in the Mission s proposal and instructed the Mission to proceed with development of a results framework and related documentation for SO4 (98 STATE 129704, 16 July 1998). In March 1999 the Mission submitted a new program description (attached), which has now been reviewed and approved by ....

The Initial Environmental Examination (IEE), to be submitted to the Bureau Environmental Officer following preparation of SO4 final Results Packages, will recommend a Categorical Exclusion for all SO4 funded activities. Obligation will be made only after the IEE is approved.

Authority: Under ADS 103.5.8a.1, Assistant Administrators are delegated by the AA/M the authority to approve operating unit strategic plans and amendments thereto and realign, as appropriate, ongoing activities under strategic, special, or support objectives.

Recommendation: That you approve the attached Strategic Objective 4 for USAID/Mozambique.

Approved ______________________________

Disapproved ______________________________

Date ______________________________

Attachment:
New Program Description, USAID/Mozambique Strategic Objective 4 (with annexes)

USAID/Mozambique

Strategic Objective 4

Increased Private Sector Capacity for Environmentally Sound Investment

New Program Description

(Supplement to Country Strategic Plan FY 1996 - FY 2001)

March 1999

Table of Contents

USAID/Mozambique Strategic Objective 4
Increased Private Sector Capacity for Environmentally Sound Investment
New Program Description

1. Background

During the struggle for Mozambique s independence and the prolonged civil war that followed, interest in the environment, preserving the country s biodiversity and managing its natural resources were not paramount concerns. While the war may have actually protected some of the country from commercial exploitation, much of the countryside, its infrastructure and a large percentage of its wildlife were destroyed. The development of Mozambique s human capacity also suffered severely during this period. Even before independence, the nature of colonial commerce was primarily exploitive and the development of Mozambique s economic activity (largely east-west vs. north-south) set a pattern that still affects national conservation policies and regulations.

Mozambique is endowed with a multitude of renewable and non-renewable natural resources, including minerals, gas, marine fisheries, forests, and agricultural land. With the strong economic recovery underway, bringing increasing investment and urbanization, the country s list of environmental protection, resource management and conservation priorities is extensive and growing, with an abundance of policies and environmental actions that need immediate attention. Today, environmental protection and natural resource issues are receiving increasing Government of the Republic of Mozambique (GRM) attention, often with the assistance of donors. The creation in 1994 of a new cabinet level ministry to coordinate environmental affairs and a new Environmental Protection Law enacted in 1998 are two examples. Still, broad-based awareness and advocacy for environmental action are, with few exceptions, yet to emerge.

The difficulty in prioritizing environment and natural resource management (E/NR) needs in Mozambique, where so little has been done for so long, is that almost everything is viewed justifiably by someone as a critical priority. Within this context, government and the donor community agree that increased awareness and human resource capacity are crucial requirements that cut across all facets of the country s environment-related concerns. Awareness and capacity building are where E/NR efforts must focus for the foreseeable future. Public and private sector capacity building -- to increase awareness, to improve environmental management, to conduct technical analyses -- is required to establish effective regulatory frameworks and to ensure sound investment decisions. On the government side, it is likely that new environmental regulations will come into being well in advance of the institutional capacity to monitor and implement them throughout the country. At the same time, without increasing the private sector awareness of the need for environmental standards and regulations, it is doubtful that enforcement or even enactment of regulations will find much support in the near term.

Rapid growth in private investment in the last few years has deepened concerns regarding the institutional capacity of government to develop and implement environmental policies and regulations. Foremost among these concerns is the capacity to review, monitor and regulate potential negative environmental impacts of new investments. While public agencies may feel that a proposed investment could have serious negative impacts, without qualified independent analysis they have difficulty voicing and defending their concerns. The ability to acquire independent reviews of environmental impact assessments of new investments in this rapidly growing economy has been identified by both the public and private sectors as a cross-cutting priority. Given the array of anticipated future investments, no E/NR sub-sector will be untouched. Increased risk of environmental pollution in urban areas and new threats to Mozambique s natural resource base and biodiversity are probable results if new investments continue to go forward without serious consideration of their impact on the environment. Building a public institutional capacity to address these issues has already begun.

Multiple donors are providing financial assistance to public institutions in the form of budget support and technical assistance directed at institution building and improved management. However, more assistance is required, especially to broaden the dialogue on environmental policy. Support is critically needed to expand and deepen the debate currently underway to redefine the roles of public institutions, their responsibilities, and the monitoring and enforcement of new environmental regulations. Expanding the dialogue to include broader sections of civil society is also needed to build public awareness and support for effective policies and institutions. While public sector E/NR capacity is being increased with other donor assistance, little is being done to increase the awareness and technical capability of the private sector to participate and contribute to this dialogue.

In March of 1997, the World Resources Institute conducted a study for the USAID Mission in Mozambique entitled An Assessment of Unmet Needs and Program Options for an Environment Strategy. Recently, the Mission broadened and extended this analysis to look at additional unmet critical needs, priorities, and current donor programs. The objective was to develop a targeted, results-driven strategy that is well placed in the mosaic of Mozambique s needs and other donor efforts and that reflects the Mission s comparative advantage and the interests of its E/NR development partners.

Out of the studies and analysis done by the Mission, a development hypothesis was recommended for the new SO4. The hypothesis is that USAID, in a results-driven program, can make a positive contribution to the environmental quality of existing investments and the environmental quantity and quality of new investments in Mozambique by working with private businessmen through their own associations and organizations to increase their awareness and capacity for environmentally sound investment. Strengthening the private sector s capacity to effectively participate in the policy dialogue with government, will improve the quality and effectiveness of environmental policies and actions. Aiding government institutions by making available financial resources for technical expertise will increase both public and private institutional capacity.

2. Strategic Framework

2.1. USAID/Mozambique Country Strategic Plan, FY 1996 - FY 2001

The USAID/Mozambique Country Strategic Plan (CSP) contributes to achievement of four Agency Strategic Objectives: (i) Broad-based economic growth achieved; (ii) Environment managed for long-term sustainability; (iii) Sustainable democracies built; and (iv) World s population stabilized and human health protected in a sustainable fashion. The CSP reflects the growing U.S. national interests in Mozambique as identified in the U.S. Mission Performance Plan (MPP), whose goals are to maintain peace, build democracy, and foster economic security. Specifically, SO4 contributes to global economic growth by improving the sustainability of investments and building human capacity in one of the poorest countries in the world. SO4 also substantially increases the Mission s contribution to the achievement of the Agency s environmental goal.

The central goal of USAID Mozambique s strategic plan is: *Broadened participation in political life and economic growth.* During the CSP period, the Mission expects to achieve three strategic objectives (SOs) and one special objective (SpO) through a combination of direct assistance, policy dialogue and collaboration with government and non-governmental partners as well as other donors. Approval of this program description will add a fourth SO to the Mission s CSP. The Mission s current SOs are:

SO1 **Increased rural household income in focus area**; contributing to a sub-goal of enhanced national food security; to be achieved through activities to improve market access, expand rural enterprise, and increase sustainable agricultural output.

S02 **Government and civil society are effective partners in democratic governance at local and national levels**; to be achieved through increased citizen participation in governance and key democratic institutions that are more effective and accountable.

SO3 **Increased use of essential maternal and child health and family planning services in focus area**; contributing to a sub-goal of improved health for women and children; to be achieved through increased access to and demand for community-based services, and strengthened policy and management of decentralized services.

The Missions s cross-cutting Special Objective is:

SpO **Improved enabling environment for private sector-led growth and development**; to be achieved through an increased private sector role in development of economic policy, legislation and regulations; and improved policies and facilities that encourage trade and investment.

In order to achieve the greatest possible impact, much of the CSP s focus has been on the center-north of Mozambique, especially for programs under SO1 and SO3. Many key activities, especially relating to SO2 and to policy reforms under all SOs and the SpO, are national in scope and impact. The CSP highlights a number of cross-cutting themes which affect achievement of all SOs and the SpO, including: local capacity development; mitigation of the HIV/AIDS problem; sustainable natural resource use; reliance on market solutions; decentralization to local authority; improved information and communications; and partnerships with an array of community-based, non-governmental, and private sector organizations.

2.2. Rationale for Creating Strategic Objective 4

The long-term sustainability of the results achieved under the CSP depends fundamentally on Mozambique s success in establishing a stable political and economic climate which promotes private sector-led growth throughout the economy. However, gains in economic growth without due consideration for the environment and the nation s natural resources may come at an unacceptable cost to current and future populations. The GRM has achieved remarkable success in macroeconomic policy and establishing an open investment climate that is attracting increasing numbers of foreign and domestic investors, but it has had only limited success in ensuring, with any confidence, that these investments will not damage the environment or deplete the country s renewable natural resources. Efforts are underway to increase the technical and institutional capacity of the public institutions charged with environmental oversight and protection, but there is only a limited cognizance in the private sector of these issues. While legislation has recently been passed and work is underway on regulations and enforcement policies to increase environment and natural resource protection, little is being done to broaden public discussion and participation or to increase technical knowledge and awareness in the private sector. A public sector regulatory and enforcement strategy is unlikely to succeed if increased public awareness and support is not also realized.

The rationale for establishing Strategic Objective 4 is to create a vehicle by which USAID can assist private Mozambicans to engage in a set of focused activities to increase environmental awareness, leadership, and technical capacity for sound investment. SO4 will aid and strengthen the private sector s capacity to address environmental concerns in business investment decisions, and to effectively participate in the policy dialogue concerning Mozambique s environment and natural resource use. SO4 activities will support the goals of SO1, SO2, and the SpO by helping to ensure that programs directed at improving local governance, rural economic growth and private investment include considerations of the environment and the sustainability of natural resources. SpO complements SO4 as its work in red tape reduction will aid in ensuring that new environmental protection policies, regulations and procedures do not become bureaucratic burdens to investors; SO4 in turn will complement the SpO by helping the private sector to analyze the environmental implications affecting potential returns on different investment options.

2.3. Coordination and Development Partners

USAID/Mozambique actively participates in the coordination of E/NR affairs through a variety of public, private and donor organizations. The design of SO4 has been closely coordinated with the Ministry for Coordination of Environmental Affairs (MICOA), the GRM s designated lead environmental agency; with the Donor Environmental Coordination Committee chaired by the Netherlands; with UN agencies (especially UNIDO and its proposed Cleaner Production Center program); with the World Bank s Global Environmental Facility; and with private sector organizations concerned with public policy and the environmental impact of past and future investments. Under SO4, close coordination with all Mission SO teams will continue, as well as with other Agency operating units and with the organizations named above.

The principal implementing partners for SO4 will be local organizations in both the private and public sectors, such as the *Entrepreneurs Forum on the Environment* (FEMA) and MICOA. FEMA is a private non-governmental, non-profit environmental association linking businesses from the industrial, agricultural, commercial, transport and tourism sectors. The association s objectives are: (i) to serve as the link between government and the business community (including other local business associations) on environmental policies; (ii) to promote increasing awareness of environmental management and long term sustainable development; (iii) to identify existing environmental problems with the objective of creating programs and viable business solutions; (iv) to establish relationships with international associations to access state-of-the-art technology and information to keep its members informed; and (vi) to develop, organize and support technical training courses directed at improving environmental management skills of its members. FEMA s goal is to establish active chapters or affiliations and sponsor awareness and capacity building activities throughout the country. It is a crucial link between private business and the public sector.

The GRM is the proposed grantee under the bilateral strategic objective grant agreement and may also be a second implementation partner. Specifically, SO4 plans to work with MICOA, the lead public agency charged with national environmental coordination, to expand its technical capacity. SO4 would establish a financial facility to expand the technical capacities of MICOA as well as other central and local government agencies by enabling them to obtain independent expertise from qualified private individuals and businesses. Technical services available through this facility will include reviews and evaluations of proposed public policies, laws, regulations, local investment plans, and independent evaluations of environmental impact assessments of major investment proposals. Other donors have also expressed interest in supporting this facility by providing additional financial resources.

2.4. Time Frame and Sustainability

A five-year time frame is planned for SO4, through FY 2003. This is beyond the current CSP period, although it is consistent with the Mission s request for a CSP extension contained in the FY 2001 R4 cover memo. By the end of this period, an informed business community seriously addressing environmental considerations will be an integral part of a fully open, competitive investment climate in Mozambique. The hypothesis that public institutions can quickly increase their own technical capacity by looking to private individuals and firms for critically needed environmental evaluation and assessment skills will be clearly demonstrated. The leadership capacity and environmental awareness of participating partner associations and their members will be established and demonstrated in the environmental soundness of new investments. A mid-term review will be conducted to provide the opportunity to make modifications to activities as warranted.

Technical assistance provided to participating business associations will have capacity building as its primary purpose. That said, the capacity of these associations to sustain the increased technical staff and operations after SO4 activities end will ultimately depend on their ability to generate local resources from increased membership and fee based programs.

Given the current dearth of environmental organizations and activities in Mozambique outside the public sector, the planned financial facility in MICOA will serve as a priming the pump activity. If effective, this funding facility for independent technical assistance is expected to become a government budget line item. The intent in SO4 is to demonstrate, in partnership with MICOA, that contracting with private firms for independent expertise is a cost-effective way to expand the technical capacity and effectiveness of the public institutions responsible for the environment and the management of natural resources.

2.5. Expected Results

A detailed results framework is attached in Attachment B. Key results are summarized below along with illustrative activities. The expected results will come from initiatives in awareness building, advocacy and technical training to address environmental concerns in policies, regulations and investment decisions.

Strategic Objective 4
Increased private sector capacity for environmentally sound investment

Indicator 1 Private sector investments directed at reducing pollution, enhancing environmental quality or improving resource conservation and management
1999 Baseline 0 (unit: number and value)
2003 Target 30 per year among targeted businesses

Indicator 2 Private associations formal participation in and contributions to public E/NR policy dialogue
1999 Baseline 0 (unit: number of position papers)
2003 Target 6 per year

Indicator 3 New members in private business associations which are concerned with improving the environment
1998 Baseline 53 cumulative (unit: number)
2003 Target 30 new members per year

Illustrative Activities
Technical assistance to build capacity of participating private business associations
Technical assistance to develop and promote environmental investments in industry, tourism and agriculture
Analysis of key environmental policies, legislation, and enforcement regulations
Joint public/private environmental fora

Intermediate Result 4.1
Increased private sector awareness and advocacy

Indicator 1 Environmental awareness among targeted business association members

	1999 Baseline:	TBD (unit: scale of 1 to 5, where 1=not important and 5=very important; "How would you rate the importance of environmental concerns in your investment decisions?")
	2003 Target:	4

Indicator 2 Targeted industries adopting improved environmental standards or procedures

1999 Baseline: TBD (unit: number and percent)

2003 Target: 30 per year, 50% of targeted businesses

Indicator 3 Environmental fora, workshops, training programs sponsored or co-sponsored by implementing partner business organizations

1999 Baseline: 0 (unit: number)

2003 Target: 5 per year, 150 participants

Indicator 4 Requests to business-oriented E/NR technical information network

1999 Baseline: No network

2003 Target: 200 per month, 80% responded to

Indicator 5 Business profiles/feasibility studies per year, promoting investment in environmental enterprises

1999 Baseline: 0 (unit: number)

2003 Target: 6 profiles per year, 12 enterprises created (cumulative)

Illustrative Activities

Technical assistance to participating business associations to increase awareness and technical capacity for environmental management

Technical assistance to develop industry environmental programs and standards

Information network, environmental fora, outreach publicity, technical training and environmental science graduate scholarships

Development and promotion of new environmental enterprises

Intermediate Result 4.2

Improved institutional capacity to develop and implement environmental policies and regulations

Indicator 1 Independent policy reviews, studies, and analyses contributing to decisions on public environmental policies, legislation and E/NR enforcement regulations

1999 Baseline: 0 (unit: number)

2003 Target 20 per year

Indicator 2 Technical reviews of environmental impact assessments and investment plans carried out by private independent consultants on behalf of (1) national and (2) local government

1999 Baseline: 0 (unit: number)

2003 Target: (1) 10 per year, (2) 12 per year

Illustrative Activities

Financial facility for environmental agencies and local governments to contract for private independent technical consulting services

Technical assistance for program and financial management of this facility

2.6. Management and Performance Monitoring

It is currently envisaged that SO4 will be managed over the next two years by the Mission s Environmental Officer, a senior Environmental Policy Specialist (FSN) and the SO4 team members drawn from other Mission offices and teams. The FSN position will play a major role in managing and monitoring planned activities. For FY 2001, the Mission is requesting the establishment of a USDH Natural Resource Management position with the assignment of an additional officer. A detailed Performance Monitoring Plan (PMP; see Annex C) has been developed with progress and impact indicators. The PMP relies on survey data and indicator information that will be readily accessible. A survey of the environmental perceptions, concerns and priorities in the business community will be conducted in. This survey will establish an awareness baseline as well as form the basis for initial work plans and programs. Progress on all indicators will be assessed annually.

3. Resource Requirements

3.1. Program Resources

SO4 will require $15 million in resources through FY 2003. An illustrative summary budget is provided below.

Illustrative Budget and Obligation Schedule (US$)

Results	Current Year	Future Years	Total
IR 4.1	1,000,000	6,500,000	7,500,000
IR4.2	500,000	4,500,000	5,000,000
Capacity Building	250,000	1,250,000	1,500,000
Management Support	250,000	1,250,000	1,500,000
Total	***2,000,000***	***13,000,000***	***15,000,000***

3.2. Staff Resources

One full-time FSN senior environmental policy specialist will be recruited and assigned to SO4 implementation. One U.S. PSC, already on staff, will dedicate 100% of her time to SO4 (which will require additional support from REDSO/ESA and USAID/Washington for completing IEEs). One USDH environmental specialist will be assigned to SO4 beginning in FY 2001. Finally, six to eight program and OE-funded team members, all currently on staff, will dedicate various percentages of their efforts to SO4.

3.3. OE Resources

No additional OE resources are required for achievement of SO4 at this time. With the assignment of a USDH in FY 2001, the Mission will require additional OE for normal USDH Mission-funded expenses.

SO4 New Program Description -- Attachment A

Summary Results Framework (Figures 1-6)

USAID/Mozambique Country Strategic Plan FY 1996 - FY 2001

Figure 1

USAID Mozambique Country Strategic Plan FY 1996 - FY 2001
Summary Results Framework

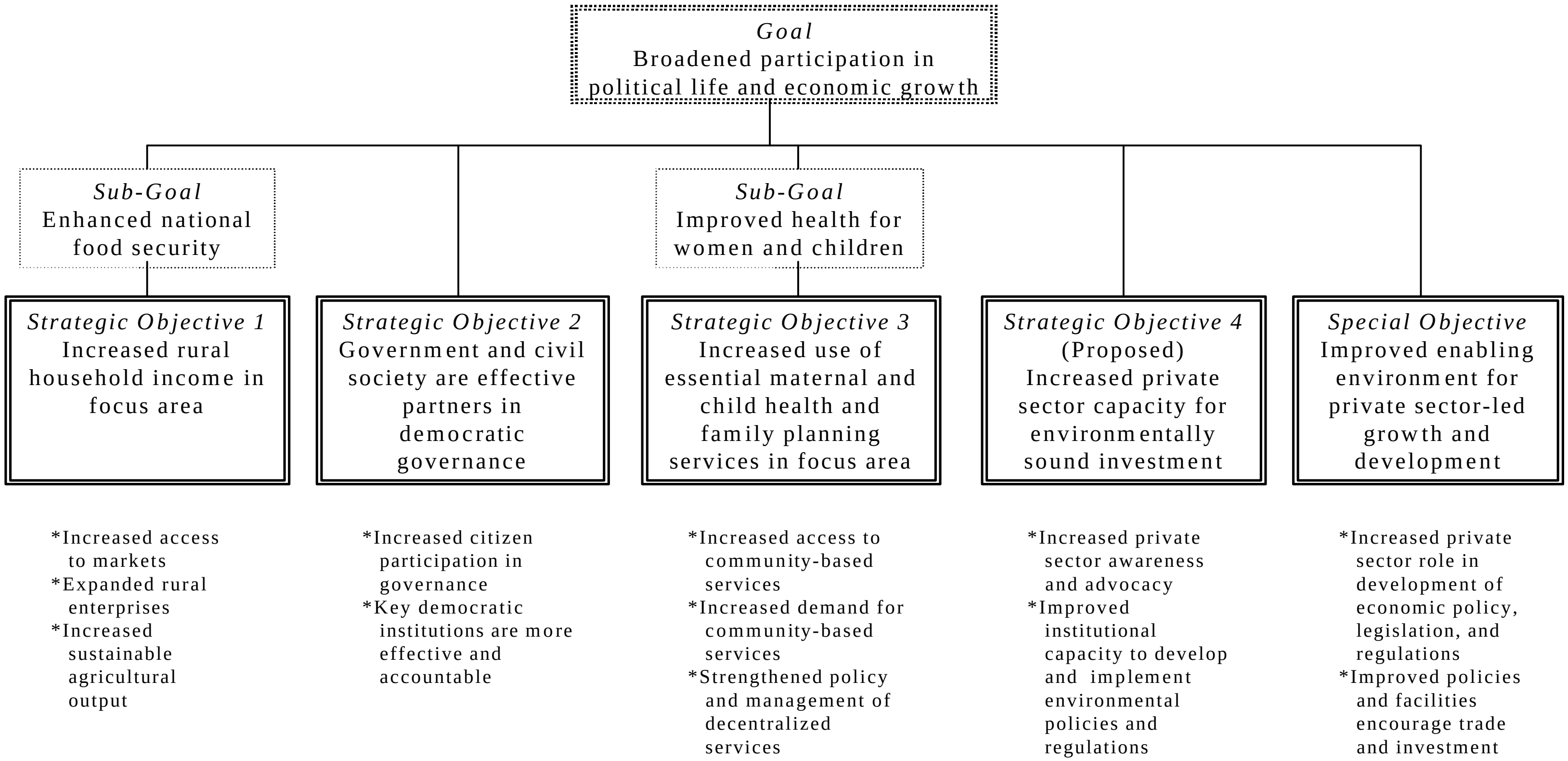


Figure 2

USAID Mozambique Country Strategic Plan FY 1996 - FY 2001
Results Framework for Strategic Objective 1

Sub-Goal
Enhanced national food security

Strategic Objective 1
Increased rural household income in focus area

Intermediate Result 1.1
Increased access to markets

- *IR1.1.1* Improved enabling environment for market activities
- *IR1.1.2* Roads rehabilitated and maintained
- *IR1.1.3* Expanded capacity to market and transport
- *IR1.1.4* Market info and commodity trading system operational

Intermediate Result 1.2
Rural enterprises expanded

- *IR1.2.1* Improved enabling environment for micro- and small enterprise
- *IR1.2.2* Strengthened access to rural financial services
- *IR1.2.3* Rural groups operating as profitable enterprises
- *IR1.2.4* Increased market-based adoption of improved technologies by rural enterprises

Intermediate Result 1.3
Increased sustainable agricultural output

- *IR1.3.1* Improved capacity of Ministry of Agriculture to perform core functions
- *IR1.3.2* Improved land tenure security
- *IR1.3.3* Increased adoption of sustainable agricultural technologies
- *IR1.3.4* Improved functioning of agricultural input markets

Figure 3

USAID Mozambique Country Strategic Plan FY 1996 - FY 2001
Results Framework for Strategic Objective 2

Strategic Objective 2
Government and civil society are effective partners in democratic governance at national and local levels

Intermediate Result 2.1
Increased citizen participation in governance at national and local levels

- *IR2.2.2* Broadened and improved public discussion of key governance issues at national and local levels
- *IR2.1.2* More sustainable electoral processes at national and local levels

Intermediate Result 2.2
Key democratic institutions are more effective and accountable

- *IR2.2.1* Capacity of civil society organizations is strengthened
- *IR2.2.2* Capacity of National Assembly is strengthened
- *IR2.2.3* Improved access to and functioning of selected judicial mechanisms
- *IR2.2.4* Elected municipal governments are effective and accountable
- *IR2.2.5* Political parties are effective and accountable

Figure 4

USAID Mozambique Country Strategic Plan FY 1996 - FY 2001
Results Framework for Strategic Objective 3

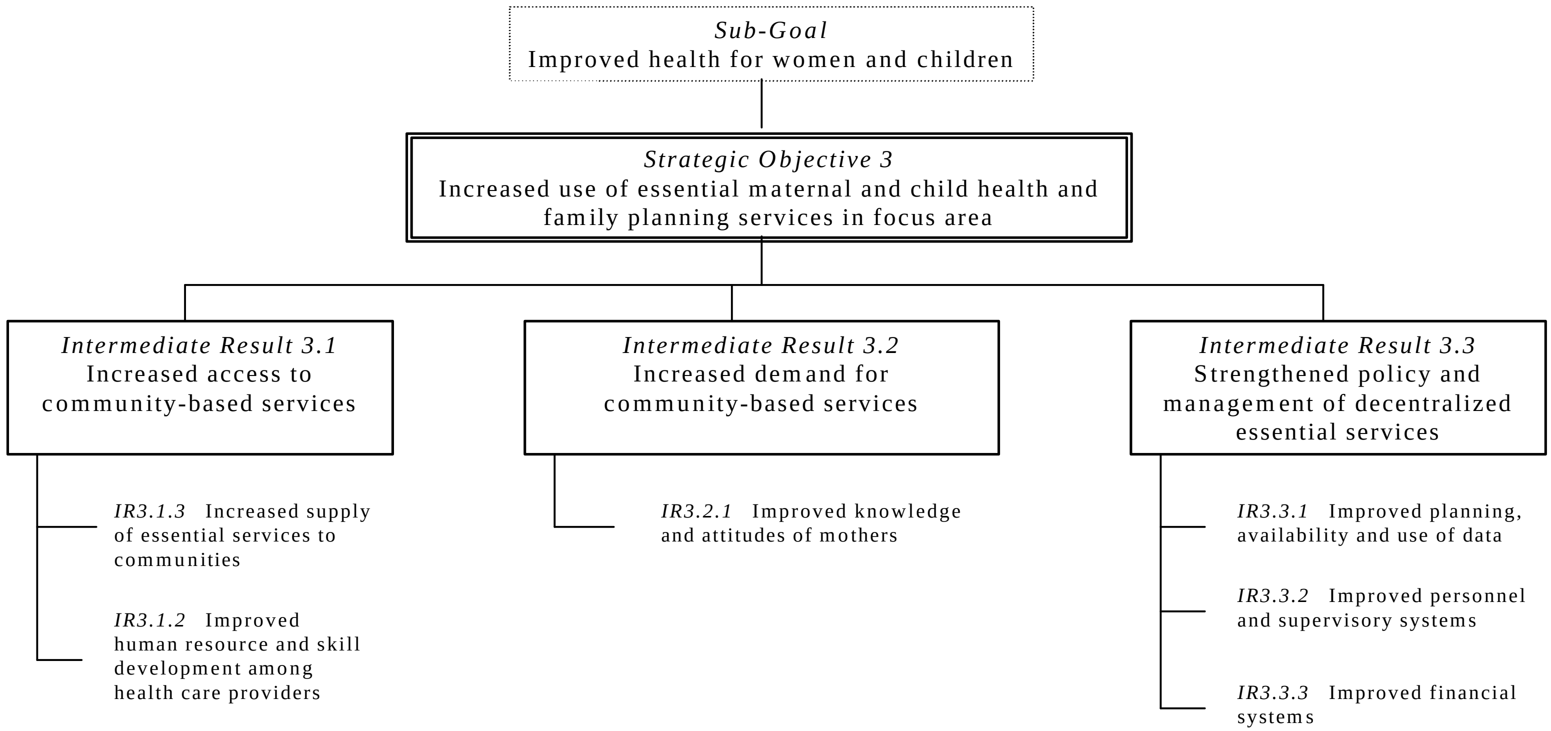
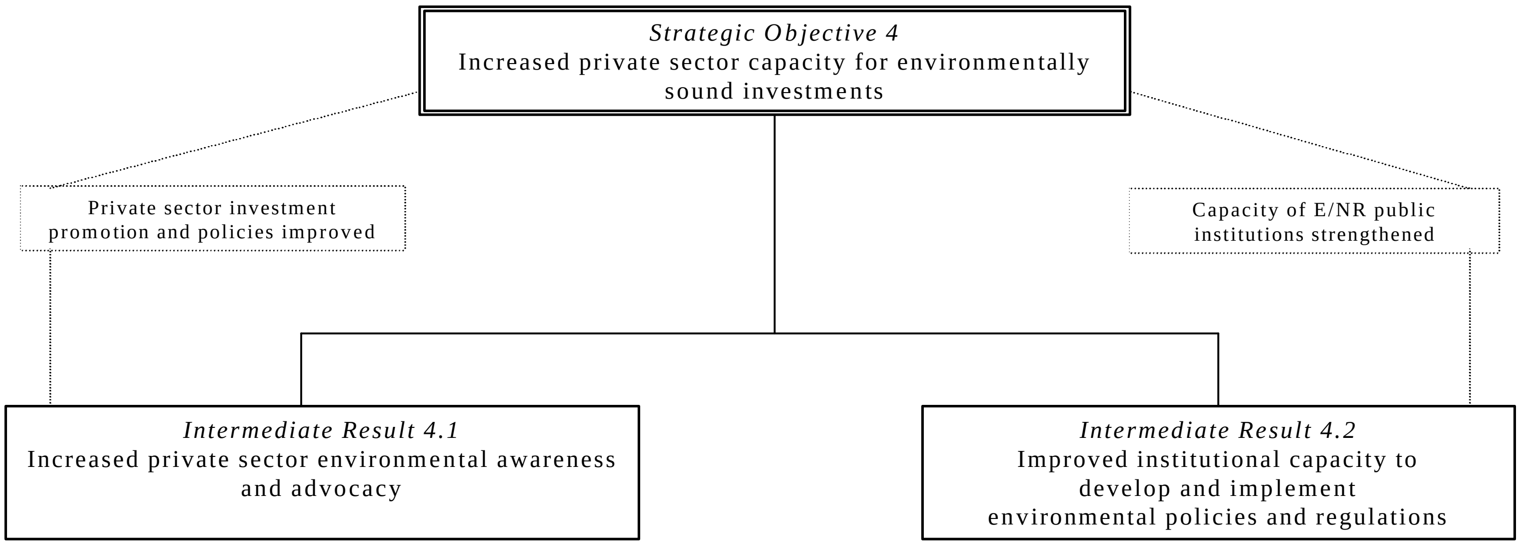


Figure 5

USAID Mozambique Country Strategic Plan FY 1996 - FY 2001
Results Framework for Strategic Objective 4 (Proposed)



Note: Shaded boxes in this figure represent areas important to the objective that are being addressed by Mozambican organizations and other donors but not by USAID directly

Figure 6

USAID Mozambique Country Strategic Plan FY 1996 - FY 2001
Results Framework for the Special Objective

Special Objective
Improved enabling environment for private sector-led growth and development

Intermediate Result 1
Increased private sector role in development of economic policy, legislation, and regulations

- *SPO-IR1.1* Effective and informed private sector voice in policy formulation
- *SPO-IR1.2* Stronger representative private business institutions
- *SPO-IR1.3* Reliable commercial Internet services available

Intermediate Result 2
Improved policies and facilities encourage trade and investment

- *SPO-IR2.1* Petty bureaucratic requirements eliminated
- *SPO-IR2.2* Business-friendly tax system implemented
- *SPO-IR2.3* Major rail and port infrastructure privatized
- *SPO-IR2.4* Alternative dispute resolution procedures operational

Intermediate Result 3
Key government reforms implemented, including macroeconomic policy, public administration, customs, and banking and financial services

SO4 New Program Description -- Attachment B
Strategic Objective 4 -- Results Framework Narrative

CSP Goal Statement Broadened participation in political life and economic growth

Strategic Objective Statement **SO4 Increased private sector capacity for environmentally sound investment**

Development Hypothesis Economic growth and development in Mozambique depend fundamentally on foreign and domestic private investment. Such investment, at least in the medium term, is expected to be concentrated in sectors which rely on the country s natural resources (e.g. coastal zones, industry, agriculture, tourism, mining). For growth to be sustainable, environmental degradation and the use of non-renewable natural resources must be managed, i.e., monitored and regulated, to ensure continued access to resources for the benefit of the general population and future generations. To accomplish this, standards appropriate to Mozambique yet reflecting international norms need to be established, and the capacity of Mozambican institutions to apply and monitor these standards must be strengthened. While legislation defines specific roles for government agencies, the private sector, as the driving force of the economy, also can act as stewards of the natural resource base. The support of the private sector in developing appropriate environmental standards and in mobilizing private interests to meet these standards is essential to achieve sustainable economic growth.

Critical Assumptions * Economic and political stability in Mozambique will continue to stimulate investment

* Technical and institutional capacity of the public sector entities responsible for environmental issues will continue to improve with the assistance of other donors

* Private investors in Mozambique are interested in the long term sustainability of their investments

Indicators *Private sector investments directed at reducing pollution, enhancing environmental quality or improving resource conservation and management

1999 Baseline	0 (unit: number and value)
2003 Target	30 per year among targeted businesses

*Private associations formal participation and contributions to public E/NR policy dialogue

1999 Baseline 0 (unit: number of position papers submitted to GRM)
2003 Target 6 per year

*New members in private business associations which are concerned with improving the environment
1998 Baseline 53 cumulative (unit: number)
2003 Target 30 per year

Intermediate Result Statement **IR 4.1 Increased private sector awareness and advocacy**

Development Hypothesis Institutionally strengthened private business groups and associations concerned with the environment will be able to effectively place environmental protection and conservation of Mozambique s biodiversity and natural resources on the country s development agenda. Increased private sector environmental awareness will encourage business leaders to integrate environmental concerns into their investment decisions and make pro-active environmental investments. Furthermore, because of the social and political influence of business leaders, their example and advocacy will extend these environmental considerations -- through the media and political processes -- to the broader population.

Critical Assumption * The political environment will continue to value private sector compliance, so the private sector will continue to be motivated to participate in extra-curricular advocacy and awareness programs

Indicators * Environmental awareness among targeted business association members
1999 Baseline: TBD (unit: scale of 1 to 5, where 1=not important and 5=very important; "How would you rate the importance of environmental concerns in your investment decisions?")
2003 Target: 4

*Targeted industries adopting improved environmental standards or procedures
1999 Baseline: TBD (unit: number and percent)
2003 Target: 30 per year, 50% of targeted businesses

* Environmental fora, workshops, training programs sponsored or co-sponsored by implementing partner business organizations
1999 Baseline: 0 (unit: number)
2003 Target: 5 per year, 150 participants

* Requests to business-based E/NR technical information network

1999 Baseline: No network
2003 Target: 200 requests per month, 80% responded to

* Business profiles/feasibility studies per year, promoting investment in environmental enterprises
1999 Baseline: 0 (unit: number)
2003 Target: 6 profiles per year, 12 enterprises created (cumulative)

Intermediate Result Statement **IR 4.2 Improved institutional capacity to develop and implement environmental policies and regulations**

Development Hypothesis The government will better fulfill its mandated role -- reviewing and approving environmental impact assessments, investment plans, draft policies and regulations -- if relevant government agencies have access to independent technical services. An effective technical review process for impact assessments will ensure that investments are (1) not discouraged by cumbersome environmental procedures and (2) less likely to adversely affect the environment. Budgetary and technical constraints limit the technical expertise available within government agencies, yet the public sector needs to perform its oversight role related to investments. The capacity of national environmental institutions and local governments to make informed E/NR decisions will increase if they have access to financing to contract for independent technical services. Such access to private sector environmental expertise will enhance the public sector s capacity to perform its regulatory functions.

Critical Assumptions * The process underway of establishing a comprehensive but workable set of regulations governing the EIA process and institutional responsibilities will be promulgated with the on-going assistance from other donors

* An appropriate financing mechanism can be agreed by the GRM and USAID

Indicators *Independent policy reviews, studies, and analyses contributing to decisions on public environmental policies, legislation and E/NR enforcement regulations
1999 Baseline: 0 (unit: number)
2003 Target 20 per year

* Technical reviews of environmental impact assessments and investment plans carried out by private independent consultants for (1) national or (2) local agencies
1999 Baseline: 0 (unit: number)
2003 Target: (1) 10 per year, (2) 12 per year

SO4 New Program Description -- Attachment C

USAID/Mozambique
Performance Monitoring Plan
Strategic Objective 4
2 March1999

Performance Indicator and Unit of Measure	Baseline Data		Expected and Actual Results								Data Source, Method of Data Collection, and Frequency
			2000		2001		2002		2003		
	Year	Value	Target	Actual	Target	Actual	Target	Actual	Target	Actual	
Strategic Objective 4: Increased private sector capacity for environmentally sound investment											
4#1 Private sector investments directed at reducing pollution, enhancing environmental quality or improving resource conservation and management Unit: Number and value in U.S. dollars	1999	0	10		15		20		30		Investment tracking data base to be established by implementing partners; annually
4#2 Private associations formal participation and contributions to public E/NR policy dialogue Unit: Number	1999	0	2		4		6		6		Formal position papers submitted by implementing partners; annually
4#3 New members in private business associations which are concerned with improving the environment Unit: Number	1999	53	10		15		20		30		Membership rolls of implementing partners; annually
IR 4.1 Increased private sector awareness and advocacy											
4.1#1 Environmental awareness among targeted business association members Unit: Rank (scale of 1 to 5, not important to very important	1999	TBD	2		3		4		4		Sample survey of businesses; annually
4.1#2 Targeted industries adopting improved environmental standards or procedures Unit: Number	1999	TBD	10		15		20		30		Reports on (targeted) industries by implementing partners; annually

Performance Indicator and Unit of Measure	Baseline Data		Expected and Actual Results								Data Source, Method of Data Collection, and Frequency
			2000		2001		2002		2003		
	Year	Value	Target	Actual	Target	Actual	Target	Actual	Target	Actual	
4.1#3 Environmental fora, workshops, training programs sponsored or co-sponsored by implementing partner organizations Unit: Number of events (participants)	1999	0	3 (150)		5 (150)		5 (150)		5 (150)		Records of participating partner organizations; annually
4.1#4 Requests per month to business-oriented E/NR technical information network Unit: Number (percent responded to)	1999	0	50 (80%)		100 (80%)		150 (80%)		200 (80%)		Records of participating partner organizations; annually
4.1#5 Business profiles/feasibility studies (P per year), promoting investment in environmental enterprises (E cumulative) Unit: Number	1999	0	P-2 E-4		P-4 E-8		P-5 E-10		P-6 E-12		Records of participating partner organizations; annually
IR 4.2 Improved institutional capacity to develop and implement environmental policies and regulations											
4.2#1 Independent policy reviews, studies, and analyses contributing to decisions on public environmental policies, legislation and EN/R enforcement regulations Unit: Number	1999	0	5		10		15		20		Reports of contracts awarded and final products received by implementing partners; annually
4.2#2 Technical reviews of environmental impact assessments and investment plans carried out by private independent consultants for national (N) or local (L) agencies Unit: Number	1999	0	N-4 L-3		N-6 L-6		N-8 L-9		N-10 L-12		Reports of contracts awarded and final products received by implementing partners; annually